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CONTENTS

19 APRIL 1988

NEAR EAST

REGIONAL

Affect of Declining Dollar on GCC Economies Viewed [Panicos Diacos; Limassol MEMO, 3 Mar 88]	1
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PALESTINIAN AFFAIRS

Abu 'Abbas Views Seizure Order, PLF Directions [London AL-DUSTUR, 28 Mar 88]	2
--	---

EGYPT

Interior Minister Describes Khalid 'Abo-al-Nasir As Not Above Law [London AL-MAJALLAH, 2-8 Mar 88]	5
Shaykh Sha'rawi Discusses Politics, Religion [Kuwait AL-SIYASAH, 29 Feb 88]	5

ISRAEL

New Leftist Movements Spring From Uprising	11
--	----

SUDAN

'Eastern Nation' Reportedly Sells Aircraft, Tanks to Rebels	13
Bahr al-Ghazal Gubernatorial Candidate Enjoys Dinka Support	13
Darfur Governor Reveals Plan To Restrict Arms	14

UNITED ARAB EMIRATES

Economic Cooperation With Hong Kong	14
Future Trade Agreement With Egypt	14
Dutch Discuss Possibility of Supplying Defense System	14

SOUTH ASIA

INDIA

Gandhi Speaks in Lok Sabha Debate on President's Address	16
Summaries of Pre- and Post-Budget Economic Surveys	17
Pre-Budget Survey	17
Post-Budget Survey	19
Paper Reports Developments in Congress-I Committee	21
AICC Meetings Scheduled	21
New Secretaries Appointed	22
National Development Council Meets, Appraises Plan	22
Proceedings of Meetings	22
Report on Gandhi Speech	23
Finance Minister for Reform in World Monetary System	24
Finance Minister for Structural Change in Indo-USSR Trade	25
Sanjay Manch Merges With Janata, Lok Dal	25
Results of Bofors Investigation Raise Questions	26
Central Statistical Office Reports Industrial Growth Rate	27
Papers Report CPI-M Victory in West Bengal Elections	27
Overwhelming Victory	27

More Details	28
Papers Report on Tibetan Activities	29
Memorandum to Gandhi	29
Tibetans' Simla Press Conference	30
Troubles Reported in Janata After Merge With Lok Dal	30
Ajit Singh Working President	30
Dissension Over Appointment	31
Appointment of Akal Takht Chief Ratified	31
More Developments in Defense Production Reported	32
Concern Over Cost Reduction	32
First Ammunition Plant	33
Crashed Plane Belonged to 'Supersecret' Intelligence Unit	34
Military Experts Recommend Stand on Siachen	35
CPI-M Leader Opposes Alliance of Opposition Parties	35
'Severe Water Crisis' Reported in 15 States	37
Paper Reports on Developments in RSS	37
General Secretary's Briefing	37
'Disenchanted' With BJP	38
Editorial Urges Improvement in Indo-Israeli Relations	39

PAKISTAN

Health Policy Termed 'Irresponsible'	39
Relations With India Said To Reach New Low	41
Commentary Examines Potential for Democracy	43

REGIONAL

Affect of Declining Dollar on GCC Economies Viewed

44000059 Limassol MEMO in English
3 Mar 88 pp 18, 19

[Article by Panicos Diacos]

[Text] Until the September 1985 meeting of the major industrial nations, Arab oil-exporting countries were able to partly compensate for the decrease of their oil production and market share, through the rise in dollar exchange rates. However, their revenues sharply declined after that meeting, which was the starting point of a declining trend in dollar rates, followed during 1986 by the decline of oil prices. Dollar rates, as well as oil prices, are far from being stable even at their present low levels—that, while the Gulf war consumes considerable financial resources. The following article highlights the recent developments that could influence the consequences of such concurrent elements.

The dollar's weak performance on international currency markets posed threats to most of the world's economies. The currency has been sliding for three years, reaching new postwar lows against the yen and Deutschmark in the early days of 1988. This drop is mainly attributed to persistent huge U.S. trade and budget deficits and to claims that the Reagan administration has not been genuinely committed to take effective action to improve the currency's performance. To be sure, this decline has affected many countries around the world, including members of the Gulf Cooperation Council (GCC).

Pressure to do something about the currency emerged last February, leading to a meeting in Paris of finance ministers and other experts from the group of seven Western industrial nations (U.S., France, Britain, Italy, West Germany, Japan and Canada). Their conference produced the Louvre accord that aimed towards a more stable currency. International bank intervention in 1987 exceeded \$130 billion but this was not enough to produce a reversal in the negative dollar trend on world markets where over \$130 billion changes hands daily.

Although a weaker dollar is supposed to help the U.S. narrow its huge deficits, it seems very likely to cause pain to many countries. The dollar's performance has undoubtedly created problems for the GCC states too. For example inflationary signs have already begun to emerge, threatening their economies and the loss in OPEC's purchasing power is likely to jeopardize market stability and consequently the earnings of members, including Gulf states.

But the dollar value has appreciated sharply as official figures announced in mid-January showed that the U.S. trade deficit had fallen to \$13.22 billion in November, down from October's record level of \$17.63 billion. Most currency analysts however are still cautious and point

out that the gain was only a fractional improvement of the significant fall that the dollar had so far experienced against some major currencies. They also fear that the recent gains are only temporary and the worst is still not over.

Dollar Threatens Japanese and European Exports to GCC

Gulf currencies are in practice linked to the dollar with the exception of Kuwaiti dinar which is pegged to a basket of currencies but this too is dollar-dominated. This link has no doubt affected the economic climate in the region. The dollar began sliding three years ago, losing 50 percent from its value against other major currencies.

Imports to Gulf states from countries whose currencies have appreciated are becoming relatively more expensive compared to those from dollar—linked or dollar—dominated currencies. Countries such as South Korea, Taiwan, Singapore, the U.S., as well as Hong Kong have been experiencing a steady growth in exports to the area over the last few years and the upward trend is expected to continue should the dollar fall further. By contrast there has been a slide in imports mainly from Japan (the largest trading partner of the Gulf states) and many European countries. West Germany for instance, exported to the GCC countries goods valued at \$1.441 billion in the first six months of 1987, 22 percent down in volume from the corresponding period of 1986. The volume of such exports fell by 31 percent in 1986 compared to those of 1985 though what mostly accounts for the fall is the recession. Japanese exports to GCC countries, valued at \$1.658 billion in the first eight months of 1987, fell 27 percent in volume from the same period last year. Moreover, a fall of 3.5 percent was recorded in 1985 compared to the 1984 volume.

In some markets, however, where a high proportion of goods is imported including basic consumer items, the non-dollar component is generally high and this may lead to price rises at least in the short-term. Some economists, however, claim that only when government programmes of heavy subsidization are abandoned and the slide in the dollar value continues further, there will be a real inflationary threat.

European countries are likely to suffer a slowdown mainly in exports of luxuries to the region for which the possibility of a close product substitute from suppliers favored by the new exchange conditions, cannot be ruled out. This will call upon manufacturers to cut profit margins in order to sustain their current share intact.

Japanese companies, on the other hands, are leaders in the motor car markets where their share is more than 50 percent in some countries in the area. It is believed that these companies now fear that their market share will be eroded by car manufacturers from the newly industrialized countries, especially from the Far East, which are

avored by their dollar-dominated currencies. Some experts on the matter pointed out that despite the currency advantage, such countries cannot match the standards of Japanese companies which have been in the market for many decades. Consequently, they claim, exchange rates cannot be a real threat for Japanese car manufacturers.

Hard Times for Contractors

The slump in the value of the dollar was probably an important factor that necessitated a revision of budgets and in some cases the freezing of payments on major projects in the Gulf area.

The exchange rate situation has been bad news for Japanese and European contractors in the region since the cost of projects would eventually become relatively higher. Although such companies submit accounts in terms of the particular Gulf currency, these must eventually be translated back to their national currencies that have been appreciating dramatically over the last few years. The British, for example, contracted to supply the Saudi government with military equipment two years ago; today the deal is estimated to cost the Saudis 30 percent more than it did when contracted.

Thanks to a falling dollar, many South Korean construction companies in the area have so far managed to maintain their market share and enjoy huge gains over the last two years. Other companies not so much affected by the dollar have also managed to penetrate the markets. Indian companies, for example, have entered into UAE markets exerting more competitive pressure upon European and Japanese consortia. The instability in the exchange system makes the overall contractual activity uncertain since all parties would face the problem of estimating the exact value of the contract, especially if this concerns contracts of a long-term nature. Therefore there will be the risk of loss by one side and this will continue as long as the dollar is not stable. GCC Countries Threatened by OPEC Turmoil

Many OPEC oil producers have suffered a shrinkage in the purchasing power of their oil revenues, attributed to the steady decline in the value of the dollar, the currency in which most oil contracts are denominated.

Members with dollar-linked currencies—such as OPEC members of GCC—will also face difficulties in maintaining living standards to satisfactory levels. The slide in the value of the dollar in some cases has seriously impaired their ability to afford capital and consumer goods for continued economic development. Most of these goods are imported and their prices are relatively higher.

The fall in the purchasing power of some OPEC producers may prove to be a stumbling block in those countries efforts to achieve stability in the cartel. Some currency analysts say that the purchasing power of each dollar of

oil revenue, has fallen between 20 to 45 percent in the last three years, depending on the depreciation of the dollar against each local currency. Faced with those problems, some countries have been pressing for higher prices. Libya, Algeria and Nigeria insist that a price increase is necessary to compensate for the loss while Iran supports an almost \$3 rise above the current official price. Gulf states however have shown no interest in the proposed increase in prices. Saudi Arabia and Kuwait have been particularly concerned that higher prices will not be viable under current demand in the world's oil markets. Recently most members began offering discounts in order to maintain their assigned quota as a consequence of further declines in demand.

With current prices unlikely to increase substantially in the near future another remedy to the weak dollar being put forward is the idea of decoupling the price of oil from the dollar in favor of an unspecified basket of currencies. Although economists believe that this would compensate for further revenue declines in case of dollar falling further, it will not compensate for previous losses. Moreover, Gulf states have shown only little interest in the new alternative and expressed their fear that such a scheme will not be practicable.

Conclusion

The impact of the weak dollar on GCC countries has been felt for the third consecutive year and further changes in their economies are expected if the slide in the dollar value continues further. There are indications that the overall situation in the economies of these states is not so promising and new measures, must be adopted to prevent the escalation of problems arising from the exchange rate factor.

Last year, the six Gulf states were studying the possibility of terminating the link of Gulf currencies to the dollar, adopting a common currency system, similar to the one proposed for the support of their oil revenues, that would be pegged to a basket of currencies. But when leaders of the Gulf states met in Saudi Arabia last December for their annual summit, discussions concentrated on the Gulf war and the new currency plan was hardly mentioned, perhaps because of a temporary rise in both oil prices and the dollar value.

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PALESTINIAN AFFAIRS

Abu 'Abbas Views Seizure Order, PLF Directions
44040169 London AL-DUSTUR in Arabic
28 Mar 88 pp 16-17

[Interview with Muhammad 'Abbas, alias Abu-al-'Abbas, Palestine Liberation Front Official, by Faris Ghulub; date and place not given]

[Text] The U.S. Justice Department recently rescinded the order it had issued for the seizure of Muhammad 'Abbas, alias Abu-al-'Abbas, a Palestine Liberation

Front official, after the Achille Lauro, an Italian ship, was hijacked in October 1985. The rescission is due to the lack of sufficient evidence proving that he had any role in hijacking the ship. It is well-known that the PLO has explicitly confirmed that it had dispatched four of its men to stage operations against Zionist military targets in Ashdod Port and that the Achille Lauro was just a means to get to the target. After the incident, Abu-al-'Abbas accompanied the four men aboard an Egyptian airliner headed for Tunis so that they may be tried by a Palestinian military court on charges of failure to carry out orders, of hijacking a civilian means of transportation and of the perpetration of other acts. But U.S. Air Force planes intercepted the Egyptian airliner and forced it to land in Italian territory. What does Abu-al-'Abbas say now about the recent U.S. decision? This is the question with which we opened the interview with the PLF official and to which he responded saying:

I had learned from the press and from a conversation with Giulio Andreotti, Italy's minister of foreign affairs, of this decision which was later confirmed by a U.S. Justice Department spokesman who confirmed that the U.S. authorities did not have enough evidence for a trial. This is what the spokesman said. The fact is that what the U.S. Justice Department spokesman said deflects the charge to the United States directly. As usual, this administration is engaged in constant attempts of aggression against the peoples, against human rights and against the acknowledged basic liberties of every individual. When certain circumstances change, this administration tries to depict itself as a leader of human rights and of free expression. The truth is that this decision is an indictment of the United States. Two and a half years after having mobilized its Sixth Fleet and its intelligence agencies and after having alerted its agents in the area, this administration suddenly discovers that it does not have enough evidence to try me! Then why the initial decision? Why the blockade and why the attacks on the Palestinian people and on Abu-al-'Abbas as a member of the Palestinian people? Why were all these forces and media mobilized and why did the U.S. administration preoccupy itself with a case for which, it is revealed two and a half years later, it does not have sufficient evidence? I am not, in fact, the only one raising the question. All those concerned with observing the U.S. imperialist political conduct which is hostile to the peoples' freedom raised the question when the decision was announced.

The second point is that the U.S. administration, which claims, of course, that it opposes and confronts terrorism, constantly reaffirms that it is the maker of terrorism in the world. There has been no major terroristic operation in the world on which the CIA has not left its fingerprints. The Palestinian Arab blood, the Libyan Arab blood, the blood of Nicaragua's citizens and the blood of many others which has not dried yet is a result of the U.S. terrorist aggression that has been always aimed at unarmed and innocent people. This aggression

has employed direct U.S. means or local agents, not to mention the plotting links that are tied closely together by Washington.

[Question] Is it enough to drop the charges or does the U.S. administration have to apologize for the lies it made against you?

[Answer] If we wish to be precise, the U.S. administration must apologize to all the people of the world who have been subjected to its harm. It must alter its policy in our area so as to ensure greater stability, development and growth for the people of the world. As to the issue concerning us directly, it does not end with an apology or any specific protocol. The U.S. aggression against our people is much greater than any apology. What is required of the United States, if it wishes to enhance its image a little, is to immediately change its policy in the area in the interest of right and to move a little, as the western peoples' conscience has done, to support the stone-throwing children of Palestine. The question is not whether it should or should not apologize. If it were the issue of a personal trial or if we wanted to view matters from this perspective, then the United States is fundamentally required to apologize and to make moral and material reparations. But truly, I do not consider what has happened a personal issue but rather a link in the struggle chain. In our direct fight to confront the U.S. plan, we expect more than accusations and pursuit. To begin, we do not need U.S. apologies or kindness. We need to feel a U.S. position contrasting with the current policy. We need to feel a position supporting right and justice. But it seems that such a position will be brought about only after a lengthy struggle in which the U.S. people and the people in the world participate side by side in order to eliminate U.S. arrogance and to make the United States behave in such a manner as to guarantee human rights and the peoples' right to self-determination.

[Question] Is the U.S. administration trying to place the entire responsibility for this issue on the Italian authorities' shoulders so as to undermine Palestinian-Italian relations?

[Answer] If we examine matters carefully, we find that there is something of the sort in what has happened. Two and a half years ago, the U.S. administration hijacked the airliner on which I was travelling to Italy and tried to embroil the Italian authorities in a direct confrontation with the Palestinians. However, I must stress here that the Italian cabinet at the time, headed by Craxi, and the Italian democratic forces took an honorable position in support of right and justice and confronted the U.S. action in a manner of which the world became aware. The Italian government did not give the Americans the opportunity to achieve all their objectives. But it was noticed later that the United States escalated its pressures on Italy and that there were visits which ultimately led to a settlement in accordance with which Italy capitulated to U.S. pressures to issue in-absentia and

direct sentences against a number of our comrades and strugglers. The issue continued to be unresolved, with the U.S. administration trying to raise it from time to time, meaning that this administration tried to impose this issue on the Italian government as an explosive fuse likely to explode at any moment. The United States now disavows its responsibility and says that it has nothing to do with the issue, meaning: Let the Palestinians and the Italians deal with the issue. We are clearly aware of the U.S. scheme and of the depth of the warm friendship that ties the Italian people to the Palestinian people. We are also becoming more aware day after day of the positive development in the Italian stance, embodied in all the Italian democratic and progressive forces that have expressed and continue to express their absolute support for the Palestinian people, especially in these days of sweeping uprisings by our masses in Palestine. We take these honorable Italian positions into consideration. Consequently, we will not permit the United States or others to exploit an issue pending between us and the Italian government. We will exert efforts or will continue to exert efforts with the Italian brothers to resolve this issue and to neutralize this fuse so that it may not be a cause for any problems that may develop in the future. Within this framework, we have viewed with satisfaction the Italian foreign minister's statements on this issue and we view with satisfaction the Italian position on the Palestinian issue. Thus, this issue becomes a secondary issue. However, efforts will continue to be exerted to correct any damaged relations.

[Question] The PNC's 18th meeting adopted a resolution to restore the PLF's unity. What have the efforts achieved in this area?

[Answer] During the struggle phase, the PLF experienced an internal crisis which lasted from 1983 to 1987. This crisis did not lead the front to a state of serious fragmentation. When the realities and circumstances of the political action changed and when the PNC convened its 18th meeting, our comrades who had continued their isolation in Damascus came to attend the meeting. This means that our comrades had decided to end the feud when they decided to join the broad political framework to which we belong in the first place and when the political factors which caused the feud disappeared. We held meetings with our comrades. As a result of those meetings, we adopted during the PNC meeting a resolution which we conveyed to our masses and in which we said that the front was headed toward unity. We have actually held a number of meetings since then and we have agreed to establish special ways to end the feud and to unite the front's efforts in a single central direction. Now that several months have elapsed since this resolution was made, we have begun to make serious preparations to crown the meetings with a general unification congress that would remove all traces of the previous phase. We now have unified joint working committees which will continue to be present until convocation of the general unification congress. A leadership committee

comprised of myself, comrade Tal'at Ya'qub and comrade 'Ali Ishaq has been formed and it is now leading the PLF toward unity or toward the congress. The main task entrusted to this three-man committee, which recognizes comrade 'Ali Ishaq as the PLF official spokesman from now until the general congress convenes, is to make gradual unification steps prior to the general congress. A preparatory committee has been formed to study the details, documents and programs of the congress whose date and venue will be announced at the proper time.

[Question] What is your position on the U.S. administration's closure of the PLO offices at the United Nations?

[Answer] The U.S. administration is escalating its hostile position toward our people on a daily basis. Closure of the office in New York is tantamount to an open declaration of this hostile position toward our people. This declaration is made under unrealistic justifications, except for just one realistic justification, namely that this office represents the Palestinian people's cause. Amidst our people's uprising, the U.S. is now making a clear move to veto all and any Security Council resolutions conflicting with the Zionist position. At the same time, the administration aids and assists by opening a new war front against the PLO and, this time, against the United Nations by closing the office representing the PLO at this organization.

The U.N. premises are located in U.S. territory. Based on international law, the United States is required to agree to grant free access to whoever is asked or approved by the United Nations to visit the organization. The Palestinian presence in New York is tied closely to the PLO seat as an observer member of the United Nations and as a participating member of its organizations and institutions.

On this basis, the United States may not and is not legally entitled to terminate or abolish the PLO's right to be present at the UN headquarters. Neither is the United States entitled to restrict the freedom of Palestinians or non-Palestinians who work in the UN organizations, UN officials or people who go to the United Nations with UN approval to speak on the causes they wish to speak on. Despite the advance U.S. approval and despite the advance U.S. pledge and the declared commitment to ensure free entry and exit to all those who come to the United Nations, the United States is now playing a broader aggressive role and casting all commitments and laws aside because the issue concerns Palestine and the Zionist enemy's presence. The sole U.S. preoccupation has now become how to fight the PLO and how to fight the Palestinian people.

[Question] What is your view of the current Arab and U.S. initiatives on the Palestinian issue?

[Answer] In view of the sweeping uprising taking place in the occupied territories, it must be said that this uprising is being subjected to various attempts seeking to foil it, to take away its meaning and to circumvent it. Regrettably, these attempts, which emanate from Washington, find advocates in our Arab area. All these attempts move in one direction and seek to undermine the PLO's right to represent the Palestinian people. These attempts also seek to offer our masses imaginary alternatives that do not at all touch the essence of our people's fundamental demands. We view these initiatives, which fall short of the minimum that allows the PLO or the Palestinian people the right to self-determination, as rejected initiatives. The basic condition for any initiative is embodied in the need for the PLO to participate, in its capacity as the Palestinian people's sole legitimate representative and as a fundamental and independent party, in our Palestinian people's right to self-determination and to establish their Palestinian state without undermining our Palestinian masses' right to repatriation. This is a sacred and fundamental right. The initiatives made so far have tried constantly to either circumvent these sanctities, to ignore them or to impose alternatives for them. In all these cases, we and our masses totally reject these initiatives and refuse to consider them. If we look at the U.S. initiative in particular, we find that it is a distorted repeat of Camp David and a defaced repeat of Reagan's initiatives and that it is in harmony with the Zionist demands and with the traditional U.S. policy of hostility toward our people. So far, there is no serious initiative which we need to ponder or discuss. The only currently projected thing which we accept is the international conference in which the PLO takes part as a full member in the presence of the five permanent Security Council members—a conference which allows our people to achieve their national rights to repatriation, to self-determination and to establishing the Palestinian state, with Jerusalem as its capital.

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EGYPT

Interior Minister Describes Khalid 'Abd-al-Nasir As Not Above Law

45040084b London AL-MAJALLAH 2-8 Mar 88 p 19

[Text] Mr Zaki Badr, the Egyptian minister of the interior, devoted himself throughout the past week to traveling among more than one Eastern European capital, including Belgrade, the capital of Yugoslavia, where he discussed the case of Khalid 'Abd-al-Nasir, who has been indicted with regard to Egypt's Revolution organization activities, with Yugoslav officials.

AL-MAJALLAH met with Mr Badr and held this conversation with him on this case.

The Egyptian minister said, "Khalid 'Abd-al-Nasir has been indicted and is a fugitive, like anyone else, and we do not have anyone now who is above the law in Egypt,

which is pursuing sound democratic procedures and sovereignty of the law. Therefore the office of the public prosecutor in Egypt just asked that he be arrested and detained, and the Egyptian security authorities have actually informed Interpol and the international bodies to work to arrest him, hand him over to Egypt, and submit him to trial."

[Question] Is there categoric proof of his connection with Egypt's Revolution?

[Answer] In accordance with the sovereignty of the law, we must not get into cases which are still being presented to the judiciary. However, I can say briefly and assert that the proof is categoric and that it does exist against all these people. The statement by the Egyptian public prosecutor is categoric in this regard and he cited the charges and proof for them in detail.

[Question] Is there Arab and foreign support for Egypt's Revolution and Khalid 'Abd-al-Nasir? As far as Khalid 'Abd-al-Nasir's presence in Yugoslavia is concerned, has Belgrade responded to your demands to hand him over?

[Answer] We have information that he was in London then in effect went from there to Yugoslavia, and we have asked the French and Yugoslav Interpol to hand him over. In any event, in any area of the world—either those areas which cooperate voluntarily or those which have bilateral reciprocal agreements—he will be sought from them by all these means as a fugitive indicted person of whom Egyptian law has taken possession or is taking possession so that he may appear before the judiciary to make his statement, however he might make it

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Shaykh Sha'rawi Discusses Politics, Religion

45040087 Kuwait AL-SIYASAH in Arabic

29 Feb 88 pp 10-11

[Interview with al-Shaykh Muhammad Mutwalli al-Sha'rawi by Muhammad Mustafa in Cairo; date of interview not specified]

[Excerpts] [Question] Your Eminence, the world is going through a destructive economic crisis at the present time. Don't you think that in this day and age man would find adhering to religious duties in the broad sense of the term difficult?

[Answer] What do you mean by adhering to religious duties? What are those prescribed rules which we must adhere to? Do you mean those which God prescribed for man or those which men themselves prescribed? The answer to these questions is obvious. Our first obligation is to adhere to God's laws because there is no reason to adhere to something that is based on another man's opinion since all men are equal. Adhering to something requires the superiority of one of the parties. As human

beings, we will never agree among ourselves that one of us is superior to the other, but we all agree who is superior to all of us, and there is agreement and consensus about that.

[Question] Are there no obstacles then to such adherence to religious duty?

[Answer] There are none because He who prescribed them knows about all the difficulties that can interfere with anyone who adheres to his religious duty. From His exalted position God lessens such difficulties when He finds them. That is why we must understand what God meant when He said, "Allah does not charge a soul with more than it can bear" [al-Baqarah: 233]. God also said, "Allah does not charge a man with more than He has given him" [al-Talaq: 7].

War in Islam

[Question] Your Eminence, there is an Islamic theory of war. Can you tell us what war in Islam means? Can you tell us when should a Muslim fight? Can you tell us what can be done if Muslims fight among themselves?

[Answer] War can be caused by religion when Muslims fight against non-Muslims who may not believe in a god, or when they fight those who may believe in God but who follow a different prophet. Thus, war can be a matter of faith and religion. We do not, however, fight to force religion upon people, but we fight only to protect an individual's right to choose his religion. Proof of that can be seen in countries that were conquered by Muslims: non-Muslims continued to live in those countries. Had we conquered countries and gone to war for the sake of religion, there would be no non-Muslims in conquered countries. The function of war then is not to force anyone to accept a certain religion, but rather to liberate people from those who compel them to follow a certain religion and make it possible for them to choose what they want freely. Coercion is not a function of war, but protecting people's right to choose without being subjected to any influences is. War, therefore, ideological war, honors man by allowing him to choose his faith.

This is a point of view which has been carried to extremes by both parties. They think the religion they espouse permitted such a war to be fought in this manner. But, as we said, one may not impose his opinion in a matter which God Himself did not prescribe. What is not prescribed by God's laws may not be imposed on others by man's independent opinions.

That is why God deemed such an approach to be respectable. He said, "Let there be a third party to stand between them as long as they are believers." If you find two parties of believers and you do not find a third party standing between them, then the war between those two

parties is a political one. And that is the war which is being fought now. No third party is involved in that war. If a third party were involved, it would have joined one or the other party.

[Question] What should Muslims do in such a situation?

[Answer] Anyone who wishes to intervene must not be close to either party, and he must be able to make a judgment from a distance. If he finds that both parties are wrong, he should come between them and break up their fight. A verse in the Koran talks about two groups of believers whose differences did not turn them into non-believers. "... Fight against the aggressors till they submit to Allah's judgment. When they submit make peace between them in equity and justice; Allah loves those who act in justice" [al-Hujurat: 9]. This means that in warding off aggression, differences are to be taken into account. Matters are different, however, if there is no third party.

Who Is a Martyr?

[Question] There is disagreement about who is to be considered a martyr in a war between Muslims. What do you think about that?

[Answer] If the disagreement is over a matter which may be variously interpreted, then those who lose their lives on both sides can be considered martyrs. Imam 'Ali, may God honor him, prayed for those who had lost their lives fighting on either side in the Battle of al-Jamal. When Abu Talib met Talhah and al-Zubayr, he reminded them that the prophet had barred them from fighting. He told them to lay down their swords because evidence showing that their feud was wrong had come to light.

[Question] What is the status of those who lose their lives in a war if, rightly or wrongly, they had been sent to fight a war by a ruler?

[Answer] I am telling you that those who lose their lives on both sides would be martyrs. But if a Muslim ruler were to send a Muslim soldier to fight a war that is not Islamic, the man who loses his life in such a war would still be a martyr: he will have lost his life for his ruler because he would be shot if he does not fight.

International Relations

[Question] Since cooperation among countries is now inevitable, what are the principles which must govern financial transactions, given the fact that, from a religious standpoint, there are different methods for conducting these transactions?

[Answer] Why not try a system that we've not tried before? After all, we did try systems which we disagreed about even while we conducted business within those systems. The Islamic system is the only system we did not try. We differ now, and we've tried everything:

socialism and capitalism. Neither one succeeded. Let's try this hitherto idle system; let's put it to work. Then, after this system takes hold, let's apply the same rationale to other things.

The Media: an Islamic Point of View

[Question] What is the proper format for the media from an Islamic perspective?

[Answer] We ought not to have Islamic media contesting the licentious media. This means that we must not say that a medium which makes one kind of statement must not at the same time make a statement of another kind. This would mean that we are merely articulating words and allowing everyone to pick and choose what he wants.

[Question] Would you please explain that, Your Eminence?

[Answer] Very simply the media must be an integrated whole. The media must not appeal to whims and fancies. This means that a religious program should not be followed by a movie showing all kinds of licentious behavior. Anyone who sees that would wonder immediately about what is going on, and he would discover that it manifests a lack of focus.

[Question] But shouldn't there be choice here?

[Answer] The choice that must be made from the beginning is Islamic, and it must be made in advance. Then I can choose what I want to watch. But making no commitment to anything from the beginning is another story.

Religious Extremism

[Question] Religious, political extremism has become one of the characteristics of the age. This is true not only in Egypt, but also all over the world. In your opinion, Your Eminence, what are the causes of this extremism, and what can be its outcome?

[Answer] First of all, we must define extremism. Extremism has to be related to some central point between two extremes. We have to have a yardstick to measure it. What is the situation that we have? It would not be right for me to say that since we have no one advocating religion with a sense of commitment, anyone who does that is to be considered a radical. The standard we want to use to measure radical behavior is one that is even and lies somewhere in the middle between two extremes. But if extremism is being related to an "extreme" mode of behavior and not to something in "the middle," then that in itself would be radical. And it will have to be that. I believe that is understood.

[Question] And what is the solution then?

[Answer] The solution lies in having one entity only vie for religion and protect it. Now, every pulpit has its own religion, and every mosque has its own judgment about everything. What we have now is chaos because there is no one to vie for religion and protect it. If there were such an entity, we would not have this problem.

[Question] How do we protect young people from being pulled into that cycle?

[Answer] We have to protect their parents and their teachers. Parents and families need protection.

[Question] Why, in your opinion, does radical behavior get started?

[Answer] Radical behavior gets started because contradictions increase. In the past the family was the primary influence on young people, who are now influenced by more factors. Now there are schools, media, and more factors besides. In order for matters to proceed properly, these influencing factors must work together in a balanced manner so that none of them would destroy what the other had tried to build. What is happening now, however, is something else. Let's assume that a child was brought up in a family that adhered to religious principles. Will that child abide by those principles if he were to watch television, read a licentious magazine, or come under the influence of a Marxist professor who proceeded to teach him anything he wanted to teach him?

At first, those factors which influenced young people were limited, and they could be corrected. Now, however, who does not need to be corrected by the family? There are schools, newspapers, and television. Solidarity has to be observed in making these corrections so that no one would tear down what the other had built. A line of poetry makes that point by asking, "And when will that building ever be completed if one tears down what the other has built?"

Contemplating the Phenomenon

[Question] What is the ideal way of dealing with this phenomenon?

[Answer] Let me say once again that you should not mention the word, extremism, because one must not make such a judgment in relation to someone who does not adhere to religious principles. To say that someone who adheres to religious principles is a radical must imply that everyone has been restored to a central point between two extremes. That is why when I was asked to testify in some cases, I said that my testimony would not serve the interests of the state because I will say that some things these people did were right and some were not. Developing countries now have what is called "a lust for power" that manifests itself even in small organizations. We have a number of groups here, but one does not know which one of them is right. That is

because each one of them meets and appoints a chief, an emir. The lust for power emerges even among a small number of people, and that is another matter.

An emir is someone who assumes command and controls matters. Lust for power then has spoiled everything. They tell you if there are three in your party, one should be appointed chief.

[Question] Does radical thinking have Egyptian roots, or has it been the product of influences from other areas?

[Answer] It could have been the product of other influences from elsewhere within the region and beyond. In some cases incompatibility between these groups' activities and their resources is evident.

[Question] What can we do about a situation in which religious extremism is linked with political violence?

[Answer] A violent interaction between the two is a must before they realize they must follow the right path.

[Question] Is there something we can do to avoid the negative consequences of such a conflict?

[Answer] We must not use logical premises to mediate unless we can guarantee that both parties wish to get to the truth. There is a difference between getting to the truth and achieving a goal. Very few people ever get to the truth. Don't ever believe that anyone can make peace between two parties who are engaged in conflict. However, if those two want to reconcile, they will approach someone who can make peace between them.

[Question] But don't you think that dialogue is an appropriate way to do that?

[Answer] Yes it is. A person's only goal will be the truth if he is not evil-spirited. The benefit of engaging in dialogue about a specific subject is the opportunity it provides everyone participating in that dialogue to say what is on his mind and what he believes regarding the subject at hand. A discussion can then begin on that basis. Truth begins to appear when points of view are adopted. But nothing can be accomplished if we pursue a duplicitous course: if we believe one thing but say something else and do other things. That is why having a neutral mediator who is not capricious is important.

Students Should Concentrate on Their Studies

[Question] What do you think about students' involvement in politics? Do you support that trend or not?

[Answer] I think that students should devote themselves to their studies. That is more useful to them and to their country. It is true that I was involved in politics when I was a student, but circumstances have changed, and our country is no longer occupied. At that time we students

saw ourselves as politicians' deputies. But the occupation is over, and Egyptians now are autonomous. This means that students must devote themselves to their studies. It makes no sense at all for students to hold the reigns of power. The purpose of being involved in politics now is to have power. It makes no sense to have people in government whose ideas are still immature and who are not yet qualified to assume those responsibilities.

The Veil and the Modern Age

[Question] Your Eminence, numerous issues about the veil are rehashed in every period in history. Why is that?

[Answer] Because we live in Islamic terrain in general and because a constant background that simultaneously affects everyone does not exist. If it did, it would affect mothers, grandmothers, older sisters, as well as fathers and their convictions. Such a background, however, does not exist. But we see mothers, for example, who do not want to wear veils and who prevent their daughters from wearing them when daughters wish to wear veils. Complaints then begin. Husbands do not want their wives to wear veils because they think differently. Wives want to show their faces only to their husbands, but husbands do not want them to do that because they do not wish to confine their attentions to their wives. Problems!

Sunnis and Shi'ites

[Question] Attempts are being made now to stir up the issue of Shi'ites and Sunnis once again. What do you think about that?

[Answer] This is an old question that dates back to the time of Imam 'Ali. But it was Imam 'Ali himself who settled the issue. There are those who take his side and those who do not. Whereas Shi'ism revolves around 'Ali, Abu Bakr and 'Umar are the Sunnis' two top leaders. What we have to do, however, is look at how they lived together. The foundation of the principle still stands. Did 'Ali fight Abu Bakr or 'Umar? Did he scorn their judgments and their opinions, or did he tell them in the wars against retrogrades, "Stop me at the city gates; let me be housed where those people are." We have to look at how he lived with Sunni elders, and we have to emulate him. Setting up a temporal power, however, is another matter.

This Is Impermissible!

[Question] Speaking of women, Your Eminence, is it permissible for women to serve as judges?

[Answer] God Almighty says this in the Holy Koran: "...if either of them commits an error, the other will remember" [al-Baqarah: 282]. This means that women lack the mental faculties which would make them knowledgeable about such matters. But women are not lacking

in other areas. They are ruled by emotions which are part of their makeup. A woman would not be a woman without these emotions, and a judge has to control his.

That is why women may not serve as judges. Raising children is women's mission and function. It is a lengthy, ongoing mission since it involves caring for children from birth to puberty.

The Method of Appealing to People To Embrace Islam

[Question] The method used to appeal to people to embrace Islam differs from one stage to another. At this stage, Your Eminence, what do you think is the best method of doing that?

[Answer] A person who makes such an appeal for Islam must understand all the disciplines of life so that no one with a doctorate degree could sit in front of him and fancy himself his superior. He must have general knowledge about engineering and medicine, and he must be able to grasp all the activities of the mind so that his appeal to people does not turn into mere words, and his discussions become part of the appeal he makes to people to embrace Islam.

Investment Companies

[Question] Differences about investment companies still exist. We want to know what Your Eminence thinks about those differences.

[Answer] Why are there differences, and what are those differences about? I would say that we had an interest-based economy. We tried to fight that, and we set up an Islamic economy. And yet there are still banks engaged in Islamic activities; they conduct business and comply with the government's red tape. Isn't that right?

[Question] Is there a structural difference? I think the difference is small.

[Answer] There is no difference at all. This is not a question of profits or commissions in investment firms. It is a question of speculation, resale with specification of gain, or partnership. That also applies in practice. Islamic banks, which were established by a decree for which I was responsible, offer no credit. This means that we neither lend nor borrow money, and interest is a product of lending and borrowing.

[Question] But, Your Eminence, it is said that some of these banks lend money and others invest it in banks which charge interest.

[Answer] The answer to such a statement is that Islamic banks withdrew their deposits from interest-paying banks. I have evidence of that. Did other banks establish Islamic branches or not? They did. What does that mean when it happens? I will let you answer that question. My answer is that the business of these banks is not Islamic.

[Question] Let's go back to investment firms.

[Answer] As we said, they are engaged in three areas of activities, and they are not subject to the requirement of keeping 35 percent of the funds in the Central Bank and 10 percent as liquid cash. Thus, 55 percent of Islamic banks' funds constitutes money in circulation. The activity of this 55 percent is more useful than that of the 45 percent.

When one of these firms wants to borrow money from a bank to start a project, it finds the interest rate is over 20 percent. Islamic banks do not have that. I don't know how these companies come up with such large interest payments when they can avoid this kind of bank interest.

[Question] And yet it's being said that there are firms involved in illegal operations.

[Answer] Evidence can prove a case just as evidence can prove science. The fact that one firm is engaged in fraud means that allegations against that firm were basically sound.

Borrowing by the State

[Question] Speaking of interest, Your Eminence, is there a difference between paying interest on borrowed money and charging interest on money one lends, or are they both equally sinful?

[Answer] Charging interest is sinful, of course. But it is permissible for someone to borrow money when he has a pressing, strong need. For example, a person and those with him could die without that money. In that case, borrowing money would be permissible.

[Question] Does this mean that countries which borrow to meet basic living expenses are not making a mistake?

[Answer] They would not be making a mistake if they were in fact borrowing to meet basic living expenses. At any rate, it is the head of state who is responsible for estimating the need on whose basis money is borrowed.

Unlimited Ownership

[Question] What about limits on ownership? Is unlimited ownership of property permissible? Does Islam sanction that principle?

[Answer] First of all, we must know that Islam gave people the freedom to own property. The higher wisdom behind that is that owning property spreads the wealth. This means that when a person actually owns something, others become his unintended partners. How does that happen? When someone has money, for example, and that money grows, he may do many things with it. He could remodel his home, buy a car, and so on. Aren't all these things beneficial to others? When that happens, money is spread around and circulated. That is essential

and required for society's benefit. This meaning appears to be clearer when we know that people's aspirations and their abilities to achieve those aspirations are not the same. If one is unrestricted when he takes action to achieve his aspirations, he benefits others as well as himself.

The Mosque and That Period During Which al-Shaykh Sha'rawi Served in the Cabinet

[Question] If you could turn back the clock and return to the past, to that time when you served as minister of awqaf, how would you evaluate that period?

[Answer] I would say this: if the country were to embrace its religion, I myself would go to those in power and ask them to let me serve in that position. I would ask them to try me as a minister. But I was someone who was brought to control an Islamic sector in a country whose laws were not Islamic. How do you think that affected me? It wore me out.

No Regrets

[Question] Does that mean that you regret accepting the position of minister of awqaf?

[Answer] No, I don't, but I don't believe I would go through that experience again under the same conditions. When I was offered that position, I asked myself why would I want to do that when I've been away from Egypt for 26 years. But the man who offered me the job was someone I knew whose record was clean. That man is Mamduk Salim. So I told him, "If you want me to serve in your cabinet, that must mean that you want something to be done." So I accepted the offer after talking with him about what I wanted to do with regard to religious matters. He said, "I agree, and I will persuade officials." "And what if they are not persuaded," I asked. He said, "We will leave together."

[Question] If one may refer to the mosque as an institution, what are the boundaries of a mosque as an institution in Islam?

[Answer] Islam has the distinction of allowing prayer anywhere on earth. Other religions have clearly defined locations, such as churches and temples, where worshippers can pray. In Islam one can pray and be with God anywhere. There is a difference, however, between a place in which one prays and another in which one conducts one's business, such as a factory, for example. There are places designated exclusively for God and nothing else may be done there. As soon as I enter a mosque, I leave behind everything that is temporal, and I am alone with God. That is why the noble prophet, may God bless him and grant him salvation, said that anyone who goes to a mosque seeking something will not receive the object of his quest. We must not be preoccupied with such matters in a mosque. Anyone who makes a deal in a mosque will not receive God's blessings on it. That is

why when any two people sit in a mosque to discuss any thing, the topic of discussion will not transpire. Tell them immediately, "It will not happen." A mosque is a place designated exclusively for worship. Anything that has to do with the business of life is to be kept out of the mosque. This does not mean that those leaving a mosque cannot pray and worship God elsewhere, but it means that a mosque is a place where we have to worship God. That is why on Fridays, when people hear the call to prayer, they should drop whatever they are doing and go to the mosque.

Religion and Politics

[Question] Does this mean that you do not approve of clergymen's involvement in politics?

[Answer] That is correct. At the present time I do not approve of that. The situation now is that politics and religion are two different things. But whenever they become one and the same, the matter would be different.

Religious Parties

[Question] And what about religious parties?

[Answer] Political parties which have a religious foundation are things I do not understand. A political party is part of politics, and politics involves conflict between one way of thinking and another. Religion, however, involves the submission of human thought to divine thought, and the difference between the two is considerable.

The Mecca Demonstrations Are Temporal

[Question] Demonstrations were staged in Mecca last year during the pilgrimage season. It was said the pilgrimage season was tantamount to a political convention and that it was possible to express one's opinions there. What do you think about that?

[Answer] There is nothing political about religion. Politics involves the conflict of human ideas. What happened in Mecca was the forced introduction of a temporal power into a religious matter, and that is exactly the kind of thing we are fighting against.

[Question] Some people are calling upon religious scholars to intervene to end the Gulf War.

[Answer] That is not up to religious scholars. A religious scholar can speak words of wisdom, but he does not defend a government's actions.

[Question] But there are those who are calling upon you personally to do that.

[Answer] I would intervene if I were to find out that the dispute was a religious one. But it is not. We tried, but it is difficult to reconcile two parties unless they themselves have grown tired of their differences. That is why God protected people from each other. People could be consumed by evil, which grows when no one intervenes to stop it. What God did was to establish a time and a place for reconciliation. The holy months provide a reason for stopping the fighting, and being in Mecca is reason enough for reconciliation. This is a gift from God that could stop the growth of evil. Once people experience peace during the 4 holy months, they may not resume their fight.

[Question] But one of the parties accepted a cessation of hostilities, and the other didn't.

[Answer] I did not intervene because I condemn the other party's way of thinking. I condemn the way of thinking which renounces Abu Bakr and 'Umar. God forbid that I should intervene and reconcile this way of thinking with the other party. Quite the contrary, I would shed the blood of those people.

[Question] But wouldn't you intervene to spare Muslims' lives?

[Answer] A person who has a mind and who obeys those people when he hears them say that Abu Bakr and 'Umar were non-believers does not deserve to have his life spared. People like that deserve to be killed, and we should pray for their guidance.

08592

ISRAEL

New Leftist Movements Spring From Uprising
44230012 Tel Aviv KOTERET RASHIT in Hebrew
2 Mar 88 pp 14-15

[Article by Avi Katzman: "The New Occupation Refuseniks"]

[Text] The events in the territories have rejuvenated old movements like "Peace Now" and brought forth a whole slew of new ones. One of the latter is the "21st Century," which is proposing a complete doctrine of practical protest: a ban on products from plants that exploit Arab workers, a ban on products from the Jewish territorial settlements, refusal to serve in the territories, etc. As of this week there are 800 signatories.

Two hundred years ago Thomas Jefferson wrote, "I am convinced that we will always find the common sense of the people to be the best army." In a country where a majority of the citizenry have lived most of their lives in the anomalous reality of occupation, with the necessary degradation that this implies, even common sense becomes a dwindling resource.

Nevertheless there are Israelis who are not satisfied with gnashing teeth, who do not submit to the despair that impels so many young people to wander in strange forests or to build a new life in Los Angeles, Israelis who do not choose internal exile or social rebellion to the strains of the radical network "the Voice of Music." Their manifesto was drafted by Dr. Hanan Haber and Dr. Edi Ofir in November. Next week they will make it public. Thus far, even before it has been published, about 800 people have signed it. Everyone who signs adds monetary force to his signature, accepts personal responsibility, and passes it on to others. The new movement already has offices, active home groups, and a lot of revolutionary zeal. Something is flowing into the oppressive vacuum of the powerless Israeli left.

In June 1987 Edi Ofir, an instructor in the philosophy department of the University of Tel Aviv, published his article "My Brother, My Partner" in the periodical POLITIQA. "'No' is our strength," wrote Ofir. "'No' is now almost all that is left to say, what must be said; it is our obligation, putting our best foot forward. Now is the time." Ofir's biting call for rejection brought him to a meeting with the people of the Yesh Gvul [There is a Limit] movement, and an alliance was forged between him and Dr. Hanan Haber.

Haber, 35, an instructor of Hebrew literature at the Hebrew University, a fervent believer in the power of words, has been drawn slowly into protest. It was a routine journey: a native of Qiryat Motzkin, a camper in the immigrant camp movement, he studied electronics, and served in NAHAL. After the Yom Kippur War, he left his kibbutz, Ayalot, and arrived in Jerusalem in 1975 to study Hebrew literature and philosophy. His doctorate, under the direction of Professor Dan Meron, dealt with "The Initial Consolidation of Political Poems in Hebrew Poetry in Israel." He found his personal breaking point in the war in Lebanon—until then his occupation with politics was limited to articles on culture, politics and society that he published as a boy in QOL HA'AM [The Voice of the People], the Communist party organ, "out of very deep feeling for Moshe Snc," articles in SHDEMOT and EMDA, activity in the Movement for Peace and Security, and an affinity for Shelley. At the beginning of the war he was called up, and even served in Lebanon for a time. "I had very serious conflicts over the matter," he says, "and I went to meetings of Yesh Gvul. The war changed several of the basics in a qualitative way. I had a very strong feeling that I had to roll up my sleeves and take a more active part in real work."

About half a year after the outbreak of the war, Haber joined Yesh Gvul, and from then on expanded his activity. In 1983, with Moshe Ron, he edited an anthology of political poetry on the war in Lebanon, "There Is No End to the Fighting and the Killing," in the "Red Line" series published by Hakibutz Hame'uhad/SIMAN QRI'A. At the beginning of 1986, again with Moshe Ron, he edited volume 19 of SIMAN QRI'A, the political journal. Somewhat later, in the summer of 1986, with

Ron Kozer, he edited HAMILA HAKTUVA, a socialist periodical that failed. But he continued with his activity in Yesh Gvul even after Lebanon, on the back burner looking for answers; there were meetings with Edi Ofir; and their manifesto for struggle against the occupation was born.

A Country of Occupiers

A month and a half ago, Haber published his article "Tshernihovski, Einstein and the Culture of the Occupation" in two installments in HA'ARETZ's supplement for culture and literature, a trial balloon for the ideas of the manifesto. "The chronological-quantitative fact that from now one can treat Israel as a country which for most of her existence has been a country of occupiers," he wrote there, "demonstrates the need for us to finally recognize the creation of a qualitatively new situation. The deeper that realization is, the more it obligates us to radically change the way we look at things, our activities and our political reactions...The occupation is present in virtually every aspect of our lives. It is in fact a new total culture with a life of its own and strong means of propagation."

In the second part of the article, within a sharp criticism of David Grosman's HAZMAN HATZHOV [Yellow Time], Haber breaks the partition dividing enlightened criticism from a radical call to battle: "Instead of making do with the already trite question 'Why Are We Killing and Being Killed,' we must take a further step today and ask why and how we struggle, talk, and debate. The old strategies of yet another strike and another demonstration have lost much of their force...More and more we have to examine the ways in which we, with our own hands, participate in the occupation, realize and develop it. Over and over again we must ask the question what the true value of the struggle against the occupation is, which exacts almost no daily price from those who do the struggling...How many of us are ready to risk their good names and security for this struggle? After all, they are part of the warm and flexible womb of the consensus."

In the "Manifesto for Struggle Against the Occupation," Haber and Ofir leave the comfort of the salon to risk inciting rebellion. Like everything else in Israeli reality, the manifesto is also divided into three parts: an introduction, a definition, and courses of action. The introduction contains paragraphs like the following: "The occupation here, in its content and its lethal influence, can be recognized in all aspects of our lives: the armed forces and the concept of national security are slaves to the missions of occupation...The civil judicial system plays a central role in authorizing the violation of human rights in the occupied territories, and in so doing helps to further the legitimization of the occupation regime. The military justice system bends considerations of legal justice to the continuing needs of the policy of occupation...The Hebrew language is losing more and more of its currency. It supplies the occupation with a treasure house of comforting and distorting terms that cover up

acts of brutal oppression...The presence of the occupation is total. Our struggle against the occupation will, therefore, be an all out one." In the "practical" part of the manifesto, the following rules, among others, are declared: "We will not cooperate with the exploitation of Palestinian laborers which is conducted under the cover of the occupation. We will publicly criticize and ban places of entertainment and products of plants where Palestinian workers are not treated with personal dignity and fair working conditions...We will not purchase products of the Jewish territorial settlements and we will refrain from any economic contact with their inhabitants...We will disobey orders instructing us to take part in police and repression activities in the occupied territories..."

Until now, the decisive majority in the Israeli left have seen the vital need to maintain the rules of the democratic game. Haber is aware of the danger in breaking the rules. "Every act of refusal is a kind of terrorism," he says. "There is terrorism here, but at times sanctions, terrorism, and disturbances have a positive role greater than the damage they cause. We can never negate the fact of damage. I admit that a prolonged situation of occupation is very hard on anyone who analyzes and rationalizes rejection as justified. That is also our weakness since, in my opinion, it is very hard, almost impossible, to build a strategy of political rejection that will plan rejection according to future scenarios. The basic point is that democracy is not just a process of decision by the majority, but a process of majority decision that upholds a certain set of agreed-upon basic values that must not be trespassed. The democracy that I believe in is very strict about the rights of the minority, showing sensitivity to those rights no less than its responsiveness to the rights and demands of the majority. The majority determines the situation in the territories, but a majority that tramples the minority and gives it no room to protest or to be different is not a democratic majority. These questions cannot be answered a priori. The strength of our argumentation is such that it grants us no small measure of justice. These matters are weighed on an overall scale of value and harm and an overall concept of national responsibility."

If you take the law into your own hands, why shouldn't the right do likewise?

"I must say that I do not accept arguments of this sort based on the assumption that there is symmetry between violations of law or disobedience of the law at the two poles. It is a formal symmetry that is only apparent and not real. There is a basic distinction between someone who imposes a personal non-violent sanction, the purpose of which is to complain about the system and say 'I will not take part, I will not cooperate with this,' and someone who takes part in active criminal sanctions.

"Since the war in Lebanon, it has become more and more clear that the real debate in Israeli society is to be conducted on content, on quality, on utopias and not on format symptoms."

Refusing an order or banning products of the Jewish territorial settlements are personal acts; why is it necessary to have an organization around it?

"There are many things in the manifesto that people really do more or less. There are many friends of mine who will not allow honey from 'Ofra into their homes. But the manifesto is exactly what turns your small protest into an act that has public effect, that influences the balance of power and the consolidation of political strength. I am convinced that there are many who need the organization for support and the mustering of common resources, but the purpose of the manifesto is to make matters part of overall public action.

"Actually this is a proposal for a framework of discussion that will touch on all components of the occupation, big and small. We are suggesting basic assumptions that seem to us necessary today in any discussion of Israeli life. An occupation discourse. It seems to us that it is very difficult, at times very distorting, to discuss details without an awareness of the totality of the occupation, of the fact that today, after 21 years of occupation, that occupation is what characterizes Israeli society in many significant areas. Therefore the discussion of things—positive and negative—that must be conducted, must be conducted from the starting point of the 'occupation.' The actuality of the occupation is so great that it determines not only our way of life and political concepts, but also the ways that we protest against it. Israeli protest, in a significant portion of its manifestations, is self-defeating. There is almost no protest that does not cooperate with the occupation. Once you recognize the totality of the occupation, you can begin building a real starting point to negate it. We are talking about a medium and long-range struggle, not a one-time act to eliminate the problem. We are talking about a culture of alternatives that will show how the occupation penetrates us and pollutes our lives."

And perhaps you too are cooperating in deepening the occupation, in that you provide a bigger opening for the release of pressures and distress?

"When we drafted the manifesto, one of the things that we did not want to provide people was an alibi or a way to absolve themselves. We bear responsibility. It is important to feel that. The occupation is a solid body that is hard to see through. It is difficult to talk about political solutions that will come after it; it is difficult to develop modes of protest when you are a part of it. But this sick body must heal itself by itself. It is a very slow, calculated process of searching and inner cleansing. Once you have defined the totality, you can totally search within it. You can overcome the partitioning—that amazing ability to be, for example, a soldier who does such and such and returns to a normal life—to continue the democratic system apart from a system that denies human rights. This is an example of what you can confront when you use the totality."

Haber, Ofir, and their colleagues intend to put together autonomous groups, a decentralized system with feedback, with the aim of cooperating with other protest groups that are active today in the area and create a growing forum for dialogue and national coordination, a large protest movement that will say "Enough!" to the occupation.

09794

SUDAN

'Eastern Nation' Reportedly Sells Aircraft, Tanks to Rebels

45000056d Khartoum AL-USBU' in Arabic
20 Mar 88 p 1

[Report by Zakariya Miyad]

[Text] An informed Arab diplomatic source in Khartoum yesterday affirmed to AL-USBU' that the government of his country had irrefutable proof that the Sudanese rebel movement in southern Sudan had in the past week concluded an \$8 million military deal with a country in order to buy aircraft, tanks and other military materiel.

The source affirmed that the value of these supplies exceeded \$8 million, but that the Eastern nation waived it for the movement. The source added that John Loka, representative of the rebel movement in London, and Dr Mansur Khalid had made the agreement on behalf of the movement. AL-USBU's detailed investigation revealed that the rebel movement is witnessing intensive diplomatic activities these days in that it is attempting to open offices in some Western countries with the support of countries that are encouraging it. We will follow this up at the appropriate time.

Bahr al-Ghazal Gubernatorial Candidate Enjoys Dinka Support

45000056c Khartoum AL-ITTIHAD in Arabic
6 Mar 88 p 1

["Before Press Time" column]

[Text] AL-ITTIHAD has learned that the two parts of the Southern Sudanese Political Association have nominated Lawrence Lual for governor of Bahr al-Ghazal Province. AL-ITTIHAD's information indicates that Lawrence was nominated by the Samuel [Aru Bol] wing with the commendation of the Aldo [Ajo Deng] wing has qualifications which have great support in the centers of Bahr al-Ghazal—including the Dinka in Uwayl, Gogrial, Tonj, Yirol, and (Shiubit)—in the cities, and among the leaders of Waw and Raga in the western part of Bahr al-Ghazal Province. This is in addition to his being a mediator among the parties and inside the Political Association, including the parties of Bahr al-Ghazal and the Ummah and Democratic Unionist Parties.

Darfur Governor Reveals Plan To Restrict Arms
45000056b Khartoum AL-SIYASAH in Arabic
15 Mar 88 p 1

[Report by 'Adil 'Abd-al-Rahman]

'Abd-al-Nabi 'Ali Ahmad, governor of Darfur Province, has explained to AL-SIYASAH that there is a plan to restrict the number of weapons in the possession of individuals and tribes in the province. His excellency added that a committee had been formed at the provincial level made up of the armed forces and public representatives to prepare a form to be filled out by bearers of unlicensed weapons and countersigned by the shaykh of the encampment and the chief of the region.

His excellency mentioned that this is a first step toward restricting weapons, classifying them and making a report on the weapons after the study and consultation with all the security agencies and administrative authorities at the province and national level.

His excellency said that there was a complete security program for the province which had been instituted by the security practices committee in Darfur, aimed at supporting and strengthening the security agencies which consist of the armed forces and police in regard to movement and communications.

His excellency added that there is a plan to make identity cards for Darfur Province called Darfur cards which would be carried by every citizen who lives the province to identify the citizens of Darfur and to distinguish those of Sudanese nationality inside Darfur.

UNITED ARAB EMIRATES

Economic Cooperation With Hong Kong
44040145a Dubayy AL-BAYAN in Arabic
8 March 88 p 2

[Text] The Dubayy Chamber of Commerce welcomed the establishment of joint ventures with Hong Kong in various industrial and marketing fields in the Jabal 'Ali free-trade zone. This was expressed in a meeting held yesterday at the Dubayy Chamber of Commerce whose participants included Jack Soo, the executive director of the Hong Kong Trade Development Council, C.T. Long, an official of the council and Samir Faris, the council's representative in the Middle East. The meeting was also attended by local representatives, including Hasan Ibn al-Shaykh, the deputy chairman of the Dubayy Chamber of Commerce, 'Abd-al-Rahman al-Matyu'i, the general director of the Chamber, and Ahmad al-Matrushi, the deputy general director.

The discussions dealt with a review of Hong Kong's economic situation following the signing of the PRC-British agreement, which provides for the return of Hong

Kong to the PRC, as well as the impact of international currency rate fluctuations on trade in Hong Kong, especially with regard to the American dollar and the Japanese yen.

The director of the Hong Kong Trade Development Council met yesterday afternoon with Sultan Ibn Salim, the chairman of the Jabal 'Ali Free-trade Zone Council. He also made a tour of the zone during which he inspected its utilities and facilities.

It is noteworthy that Jack Soo is the first director of the Hong Kong Trade Development Council who is of PRC origin. He recently assumed his position as part of the implementation of the PRC-British agreement pertaining to Britain's relinquishment of Hong Kong.

13286

Future Trade Agreement With Egypt
44040145b Dubayy AL-BAYAN in Arabic
8 March 88 p 2

[Text] Abu Dhabi— Officials in the UAE and Egypt are currently studying a trade and economic cooperation agreement between the two countries.

Mustafa Hamdi, the minister plenipotentiary at the Egyptian Embassy in Abu Dhabi, announced the signing of an agreement which will organize trade relations, and constitute a motivating factor for an increase in commercial exchanges between the two countries.

He added that the establishment of an permanent exhibit of Egyptian products in Abu Dhabi is being considered.

Meanwhile, a delegation of the UAE Federation of Chambers of Commerce and Industry, headed by Sa'id Ibn 'Utaybah, the chairman of the Federation of Chambers, will leave the country next Friday for Egypt to participate in the proceedings of an investment conference for Arab and Egyptian businessmen which will be held in Cairo, 13-16 March.

13286

Dutch Discuss Possibility of Supplying Defense System
44040145c Dubayy AL-BAYAN in Arabic
8 March 88 p 21

[Text] Abu Dhabi—Dr van Eekelen, the Dutch minister of defense, who is currently visiting the country, stated that the existence of Dutch and Belgian naval units operating under a single command in the Gulf is being studied in the light of a number of considerations.

At a press conference which he held in Abu Dhabi yesterday afternoon, the Dutch minister stated that the aim of his visit to the UAE is to inspect Dutch and Belgian ships which are paying a friendly visit to the port

19 April 1988

of al-Fujayrah, and meet with UAE officials with regard to supplying the UAE with an anti-missile early warning air defense system. He indicated that his country has modern systems of this type, which Britain used in the Falklands war.

The minister expressed the appreciation of his country for the cooperation demonstrated by the UAE in connection with the role played by Dutch and Belgian naval

units in the clearing of navigational routes in Gulf waters. The minister indicated that in light of this visit, which is to be followed by a visit to the Kingdom of Saudi Arabia, a decision will be made regarding the joint Dutch-Belgian presence.

13286

INDIA

Gandhi Speaks in Lok Sabha Debate on President's Address

46001353 New Delhi PATRIOT in English
3 Mar 88 p 1

[Text] A White Paper on Public Sector, spelling out the Government's future plans and commitments, would shortly be presented to Parliament.

This disclosure came from Prime Minister Rajiv Gandhi, both in the Lok Sabha and the Rajya Sabha, during the debate on the motion of thanks to the President for his address to the joint session of the two Houses.

Later the motion was adopted by both the Houses by a voice vote.

Mr Gandhi said the Government was committed to give greater autonomy to the public sector and never before such dynamism in investment in the public sector had been shown.

The Prime Minister said that many major public sector undertakings would be on stream and this was a real example of practical socialism.

In his 75 minutes speech in the Lok Sabha and over an hour's intervention in the Rajya Sabha the Prime Minister spoke on various subjects from agricultural production to price rise to India's policy on Sri Lanka and Afghanistan and his Government's commitment to root out terrorism.

The Prime Minister defended his recent holiday in Lakshadweep saying no law of the land had been violated either by him or his relatives or friends. "If a law has been violated, I am willing to pay the price. The holiday was my holiday, it was paid for by me", he said.

The Prime Minister also refuted the Opposition allegations about the Congress victory in Tripura Assembly polls last month and asserted that the polling and the counting were not influenced by declaration of State as disturbed area and subsequent induction of troops.

CPI-M members vociferously contested the Prime Minister's claims but Mr Gandhi sought to rebut them by stating that they were refusing to accept the people's verdict.

He also criticised the Left parties for their reliance on "imported ideology" and said even their mentors were not talking of "Perestroika" and "Glasnost".

In both the Houses the Prime Minister's intervention was marked by vehement protests and shouting from the Opposition benches. In the Rajya Sabha the CPI-M

members led by Mr Dipen Ghosh accused the Prime Minister of misleading the House on Tripura issue and raised the question of privilege forcing Mr Gandhi to rephrase his statement.

DMK member V. Gopalasamy repeatedly obstructed the Prime Minister on Sri Lanka issue while Akali Dal member Jagjit Singh Aurora raised the issue of compensation to 1984 riot victims leading to the Prime Minister making a commitment to take action against all the guilty.

Underlining the Government's commitment to the kisan as the backbone of the country's economy, he said the objective is to regain the momentum of the Sixth Plan in the Seventh Plan. With this in view the Planning Commission had been asked to revise the plan to give agriculture the highest priority.

The Prime Minister said they hoped to limit the shortfall in the kharif crop to ten per cent of last year and if possible within seven per cent.

He stressed the Government's firm decision to regain in the next two years of the Seventh Plan, the 175 million tonnes foodgrain production target.

Mr Rajiv Gandhi said the Planning Commission had been asked to prepare a district-wise crop plan which was almost ready. The Commission would be looking at it soon. The type of crops, timings, inputs and other elements will be considered and this is the first time that they had gone into such a detailed plan.

In the context of districts he also referred to the move to make district administration more responsive and introduce flexibility in the programmes. The Planning Commission had been asked to look at the Eighth Plan starting with the district level.

He spoke of the Government's move to have a second look at the agricultural subsidy issue on which is the best way to give it. If we require adjustments to be made we will do that", he said.

The Prime Minister said while remaining at the forefront to champion the genuine cause of the farmers, the Government would never surrender to the pressure of vested interests.

He said farmers' interest could not be served by putting them against everybody else.

The Prime Minister said firm police action against terrorists in Punjab was indispensable because unity and integrity of the country demanded nothing less.

He said Government tried to give full play to democracy in the State but unfortunately the elected representatives failed to rise to the occasion.

"There is still insufficient evidence on the part of any faction of the party elected to power to be ready to face up to terrorism with determination and unambiguity", he said adding that such determination alone could pave the way for a political solution to the problem.

Mr Gandhi hoped for successful culmination of the Pakistan-Afghanistan talks at Geneva for eventual withdrawal of Soviet troops from 15 May.

Referring to the Afghanistan problem, Mr Gandhi said some people had questioned India's involvement in the Afghan tangle.

"We have a stake in Afghanistan" which was an integral part of "our region", he said. India saw it as an opportunity for strengthening nonalignment and he had accordingly invited President Ziaul Haq of Pakistan for talks.

The Pakistan President had been unable to respond due to preoccupations at home and he then deputed the Foreign Secretary to go to Islamabad as his special emissary for the purpose, he said.

The Prime Minister welcomed the initiative taken by Soviet leader Mikhail Gorbachev in resolving the Afghan tangle. On Sri Lanka, the Prime Minister said "significant forward movement" had taken place recently. He said the accord had secured India's security interests in the region and had also secured non-alignment.

/06662

Summaries of Pre- and Post-Budget Economic Surveys

Pre-Budget Survey

46001350a New Delhi PATRIOT in English
27 Feb 88 p 5

[Text] The pre-budget Economic Survey for 1987-88 presented to Parliament on Friday says that the country-wide drought of 1987 caused a temporary setback to the momentum of development, posed fresh challenges to economic management and highlighted some of the underlying strengths and weaknesses of the Indian economy. Economic management during the current year has focussed on drought and its impact, with a comprehensive package of policies having been worked out and implemented across a wide front in order to contain the adverse effects of natural calamities.

According to the survey, the strong points of recent economic performance include the inherent strength of the agricultural economy despite successive years of bad weather, growing resilience of the industrial and other non-agricultural sectors to disruptions in agriculture, the ability to maintain the tempo of infrastructure development in the face of adversity, the emergence of healthy

trends in the foreign trade account and a capacity for responsive economic management in the face of massive and unanticipated changes in the economic environment.

Despite the severe drought and floods, the survey anticipates that GNP will show a positive growth of around 1 to 2 per cent this year. The survey attributes this relative stability of the economy in the face of severe drought to a combination of factors including the diversification, over time, of the economy, the availability of large food stocks at the beginning of the drought and an array of timely policy interventions undertaken to minimize the adverse impact of the drought.

The survey notes that the drought this year is one of the worst on record, with as many as 21 out of a total of 35 rainfall sub-divisions in the country receiving deficient or scanty rainfall. Coming at the end of a run of 4 poor monsoons, the drought has had a serious adverse impact on crop production especially in the Kharif belt which is still heavily dependent on rainfall. While official estimates of total agricultural production for the current year will not be available for some time, the survey expects production to decline by 7 to 10 per cent from the previous year's level. A similar order of short-fall is anticipated in total foodgrain production for the year.

Despite a sharp decline in agricultural production, the survey points out that it was possible to maintain higher releases of foodgrains through the public distribution system, employment programmes, relief programmes and other channels because of the large food stocks of over 23 million tonnes which had been built up by June, 1987. This formed the backbone of the Government's strategy for combatting the drought. Other steps included immediate measures to minimize kharif crop losses, augmented allocation of resources for irrigation, accelerated completion of on-going projects and a campaign to maximize rabi crop production by ensuring adequate supplies of major inputs, including provision of power for agricultural use on a priority basis and supply of credit for raising a second crop.

Despite the adverse consequences of the drought, the survey notes the highly satisfactory performance of industry during the first 8 months of the current year for which data are available (April-November, 1987). During this period the industrial sector as a whole achieved a growth rate of 10.2 per cent, which is significantly higher than the growth rates of 8.5 to 9 per cent attained during the corresponding period of the previous 3 years, which were themselves much higher than the growth achieved in the first half of this decade and earlier. The manufacturing sector showed an even higher growth rate of over 11 per cent in the first 8 months of the current year. Even allowing for some expected slow down in industrial activity in the final third of the financial year, the survey expects that industrial growth for the full year will exceed 8 per cent.

This resilience of our industrial growth, especially when compared to earlier years of serious drought, is attributed by the survey to a combination of robust performance of infrastructure, the policy initiatives taken in recent years to enhance industrial productivity and the long-term change in the structure of both the economy and industry, which has reduced dependence on agriculture. However, the survey cautions that the contractionary effects of the drought on industrial production are likely to make themselves felt more fully in the final months in the current financial year and the first few months of the coming year.

As noted by the survey, robust performance of the infrastructure sector in the past year was a key positive factor which contributed to strong industrial growth and facilitated the implementation of various measures in the field of energy and transportation aimed at reducing the economic costs of drought. Although hydel power generation fell sharply because of rainfall scarcity, this was compensated for by strong 15.7 per cent growth in thermal power generation during the first nine months of the current financial year. As a result, total power generation increased by 7.6 per cent in April-December, 1987 over the corresponding period of 1986. The survey commends the fact that Plant Load Factor (PLF) of thermal power plants increased to 55 per cent during the year. Coal production increased by 10.2 per cent in April-December, 1987. Railway freight movement was also satisfactory, recording a growth of 5.4 per cent in the first nine months of the current year.

To ensure adequate growth of infrastructure services in the context of a tight resources situation, the survey deems it vital to secure high rates of economic return per unit of investment, as well as to generate enough investible surpluses for financing further necessary expansions.

As indicated in the Survey, prices came under pressure right from the beginning of this year as a consequence of the poor weather and shortages of some essential agro-based commodities experienced during 1986-87. These pressures were further aggravated from July, 1987 with the onset of the severe drought. Up to the third week of January, 1988 the Wholesale Price Index (WPI) had registered an increase of 9.8 per cent on a point-to-point basis, since the end of March, 1987. The Consumer Price Index (CPI) showed an increase of 9.6 per cent up to December, 1987. The Survey points out that price increases have been particularly high for items of agricultural origin such as edible oils and oilseeds, condiments and spices, cotton, pulses, gur, khandasari and cereals. The driving force behind inflation this year has been the shortfall in agricultural production because of drought.

The Survey states that since the basic inflationary pressure has arisen because of a shock to supply, the main plank of anti-inflationary policy has been the effective supply management. The maintenance of adequate supplies of food through the Public Distribution system and

other channels has been the backbone of supply management policy. This has been buttressed by a policy of restrained monetary expansion and fiscal policies aimed at checking the size of the budgetary deficit despite massive increase in drought and flood relief expenditures. As a result of these measures the Survey states that though the price situation remained difficult the rate of inflation has been lower this year than in other years of severe drought.

As described in the Survey, fiscal policy endeavoured to maintain the priority for development despite the secular and short-term pressures on Government finances. Faced by the sharply expanded responsibilities for relief expenditure due to drought and flood, the Government announced a number of revenue and resource-raising measures in September, 1987. Administrative efforts to improve revenue collections were also stepped up. The basic goal, according to the Survey, was to find enough resources to finance the additional relief expenditure without cutting back on the public investment programmes or risking a large increase in the budget deficit.

The Survey also provides a detailed description of the important measures announced in the Central Government Budget for 1987-88, including the extension of MODVAT system in excise taxation to most sectors, fiscal and other initiatives to promote housing, a new scheme for savings, a massive increase in the plan allocation for the education sector and continued high priority for programmes aimed at poverty alleviation and infrastructure development.

The Survey observes that the monetary and credit policies over the year were conditioned, on the one hand, by the need to restrain monetary growth so as not to aggravate the inflationary pressures of drought and, on the other hand, by the need to avoid unduly recessionary consequences of excessive monetary restraint. In the light of these broad guidelines the Statutory Liquidity Ratio (SLR) was increased twice during the year and the Cash Reserve Ratio (CRR) was raised once. Selective credit controls were tightened between July-October for a number of drought affected commodities. At the same time, more liberal credit facilities were made available to drought-affected farmers.

The Survey draws attention to the strong export performance of the past 2 years which is attributed to the measures taken by the Government in 1985-86 and 1986-87. After recording an increase of 15.3 per cent in 1986-87, exports grew by 24.6 per cent in the first 9 months of the current year, as compared to the corresponding period of the previous year. In contrast, imports grew by 2.2 per cent in the first 9 months of the current year, as compared to the corresponding period of the previous year. In contrast, imports grew by 2.2 per cent in 1986-87 and 13.5 per cent in April-December, 1987. In consequence, there was a further decline in the trade deficit in the first 9 months of 1987-88.

Nevertheless, as anticipated in the Economic Survey of the past several years, the balance of payments continues to be under strain because of a number of adverse medium-term factors such as the deceleration in the growth of indigenous oil production, growing protectionist tendencies abroad, the bunching of repayment obligations to IMF and other creditors and the unfavourable climate for concessional assistance. The Survey points out that these pressures were aggravated in the current year by the rebound in international oil prices and the occurrence of drought which led to substantial additional imports of essential commodities such as edible oils and pulses. The Survey cautions that the adverse consequences of drought on imports and some agricultural exports may not yet be fully reflected in the trade data available for the first 9 months of the year.

Looking ahead, the Survey emphasises the need to pursue, with renewed vigour, a long-term strategy for reducing the vulnerability of agriculture to adverse weather conditions. Elements of this strategy would include rapid expansion of the area under assured irrigation, measures to swiftly close the large gap between irrigation potential and its utilisation, improvement in water management systems, emphasis on appropriate cropping patterns, systematic efforts to improve utilisation of ground water potential, and programmes of the afforestation and ecological renewal. The Survey adds that the fluctuations in agricultural output also stem from concentration of recent agricultural development in a few States and regions. It is, therefore, essential to move towards a more dispersed pattern of agricultural development. For this, the Survey advocates special emphasis on provision of irrigation, land development and other agricultural infrastructure in those regions where agriculture has lagged behind.

In the industrial sector, the Survey envisages the task ahead to be one of ensuring that the virtuous combination of industrial policies and infrastructural performance, which have generated four years of rapid industrial growth, is maintained and measures are taken to bring about further improvements in industry's international competitiveness. In the context of scarce investible resources, the Survey underscores the special value of productivity increases in infrastructure sectors, since these sectors tend to be highly capital intensive. Particular importance is attached to further increases in the plant load factors of our power stations, additional improvement in the operational efficiency of the railways and measures to increase the efficiency of energy use in the economy.

The Survey observed that the continued rapid increase in current Government expenditures possess serious risks for inflation and our ability to attain public investment goals in real terms. According to the Survey, a durable solution to the underlying fiscal problem must be pursued through curbs on the growth of current expenditure, measures to broaden the base of revenues and steps to improve further the financial performance

of public sector enterprises. A strategy for reducing the growth of Government expenditure must, in the Survey's view, encompass several elements including, ruthless pruning of programmes of doubtful economic and social merit, moderation in the growth of wages and salaries, reduction in the growing bill of subsidies through better efficiency and a clear priority in favour of competing ongoing programmes in time as compared with launching of new schemes.

Like the Surveys of the past several years, this year's Economic Survey highlights pressures on the balance of payments. It feels that the successful management of the balance of payments situation, in the medium term, is critically dependent on rapid and sustained growth in exports and efficient import substitutions. For sustaining the recent successes on the export front, the Survey believes that it is essential to improve the quality and price competitiveness of India's manufactured production. In this important sense, the Survey regards the viability of India's balance of payments to be dependent on the growth and efficiency of industrial production.

The Survey also calls for special efforts to curb the rapid growth of consumption of petroleum products and for measures to seek savings in imports. In regard to the financing of balance of payments, the Survey underscores the importance of keeping recourse to commercial borrowings within prudent limits.

In conclusion, the Survey also draws attention to some long-term issues including urbanisation, population and education. It notes that the rapid growth of India's urban population has posed a new set of challenges which requires decisive action. The Survey expresses concern about the continued high growth rate of overall population and calls for a number of measures to reduce this growth rate. Particular attention is drawn to steps aimed at improving female literacy, the general status of women, and improvements in the health delivery systems. The Survey emphasises the importance of education for sustained and equitable economic development. It points out that education offers the invaluable key to advancement to those trapped in the cycle of poverty. More broadly, the Survey calls for the spread of low-cost, high-quality social services as essential prerequisites, both for the improvement and enhancement of the living standards of poor people today and for strengthening the human capital base for long-term development.

Post-Budget Survey

46001350 Bombay *THE TIMES OF INDIA* in English
7 Mar 88 p 17

[Text] New Delhi, March 6 (PTI)—Contrary to official claims over the projected deficit of Rs 7,484 crores in the 1988-89 general budget, leading economists have expressed alarm over the deficit and fear it will fuel inflation and push up prices.

A majority of the economists, who responded to a post-budget survey by PTI, considered this level of deficit above prudent limits.

A few of the economists and captains of trade and industry, however, felt that the estimated deficit by itself was not worrisome, but what was important was that the agricultural sector should recover next year.

They expected that after three years of poor monsoon, the rainfall should be good and the economy should rebound.

Prof S. Malcolm Adisheshaiah, chairman of the Madras Institute of Developmental Studies, said the obvious result of deficit financing would be nothing but a high rate of inflation.

Prof Adisheshaiah said the 1988-89 deficit which was on top of the deficit of Rs 6,000-odd crores last year would lead to an increase in reserve money, and the obvious result would be nothing but a high rate of inflation.

A noted Calcutta economist, Dr Amiya Bagchi, said such a level of deficit was above the prudent limit in view of the fact that the country had an unprecedented drought and floods, and presumably private stocks of foodgrains were depleted.

He felt the total amount of expenditure planned without taking precaution about the foodgrains position would pose a serious danger of inflation.

Dr Bagchi said the effect of both revenue and capital deficit will have to be considered together. The combination of the administered price-rise depletion of both private and public stock of foodgrains, increase in public expenditure, particularly non-plan expenditure combined with the failure to tap the taxable incomes of the rich, will pose a serious danger of inflation and lead to a more serious balance of payment problem.

Prof P.R. Brahmananda, noted economist and research fellow at the Bombay university, said, "The deficit is very large and very heavy with its incidence on the poor men."

He said the deficit of Rs 7,484 crores for 1988-89 will lead to an expansion of broad money by 18 per cent, and narrow money by at least 14 per cent.

Prof Brahmananda said even if production went up by five per cent, the price rise will be a minimum of ten per cent for a second year. "If there is a drought the price rise will be close to 20 per cent."

Dr S.B. Sakhalkar, executive director, Maharashtra economic department council, said a deficit of the size estimated for 1988-89 in a situation where the monsoon continued to have an impact on the economy reflected a tendency to take uncalculated risks.

Secondly, the rise in money supply was most unevenly distributed and a major chunk was appropriated by a class which cannot contribute toward a significant rise in demand.

"Even so there is no need to take an alarmist view about the size of the deficit," he said.

Dr G. Thummaiah, economic adviser to the Karnataka government, felt that deficit financing of this order "will definitely push up prices beyond 15 per cent. In terms of the inflationary consequences both the revenue deficit of Rs 9,842 crores and the budget deficit have "exceeded not merely prudent but even the reasonable limits."

Prof K.K. Subramanian, senior fellow, Centre for Development Studies, Trivandrum, said the deficit per se would lead to inflation. But this could be overcome by prudent management of the economic system.

He said the past experience of deficit management has been quite disappointing. Considering this the chances of inflation and price rise were quite high.

Mr S.P. Padhi, research associate at the centre, felt that the budget makers have not thought about a realistic way to bridge the deficit. The budget was based on the hope that the monsoon was going to be favourable.

The director-general of the National Council of Applied Economic Research, Mr I.Z. Bhatti, said the estimated deficit by itself was not worrisome. What was important was whether the agricultural sector would recover next year.

He said all that could be mentioned was that after three years of sub-normal rainfall, the probability for the next year to be good was exceedingly light.

Dr Amrish Bagchi, director, National Institute of Public Finance and Policy, here, felt at the moment the situation was not so alarming. But, in order to minimise the inflationary potential, it was essential to direct government expenditures towards stimulating production, especially of agriculture.

Mr Bagchi said the link between deficit and inflation was not as straightforward as was often argued. However, with the declining level of foodstocks there was some risk but this risk was worth taking.

Prof V. Shunmugasundaram, formerly of the Madras University, was of the view that the deficit was a "dead issue" and "we had been involved in so much of deficit financing" that it was time that the monetary and banking policy of the country was "re-examined."

Mr Subrata Gupta, a Calcutta economist, said the actual deficit would exceed Rs 9,000 crores. Due to the fall in the agricultural output compared to the target, it would be difficult to contain inflation.

Mr Gupta said there was no development strategy. Resources being raised for the coming year were essentially out of increase in administered prices which would bring in Rs 3,000 crores.

He said this along with the fact that no supplementary measures had been taken to contain the deficit. The actual deficit would rise over 20 per cent.

Prof Aloke Ghosh of Calcutta University considered the deficit not as big as expected. But he agreed there was need to be cautious and careful, since the deficit was on the higher side.

He said the buffer food stocks have depleted and food management would not be easy during 1988-89. If a recovery in agriculture production comes it would be a "lagged recovery," and it would not be very difficult to reach the seventh five-year plan target of 166 million tonnes of foodgrains.

The incoming president of ASSOCHAM, Mr L.M. Thapar, said the present budget rests on a series of well-thought out and related policy linkages. If these work out when agricultural and industrial growth should match the additional demand for goods and services.

He agreed there was need to monitor price movements and think of activating the public distribution system to supplement trade where necessary.

He said budgetary deficits, which include market borrowings also, trigger demands for goods, which was to be met with, as it will otherwise put pressure on prices.

The FICCI president, Mr K.S.G. Haja Shareeff, said the deficit was within manageable limit and will not be inflationary. In fact, it would help consumer demand and activate the growth of the industrial sector. He said the economy had absorbed even a higher dose of deficit financing in 1986-87 when the overall budget deficit was Rs 8,261 crores.

Dr Amiya Bagchi said the administered prices have also been raised substantially. Now prices of diesel and other inputs would also go up causing a further price hike in all final commodities.

Mr Gupta pointed out that along with the increase in money supply, the target of agricultural and industrial production had not been reached during the past few years.

He said the growing increase in the defence and non-plan expenditure along with the rising trend in prices will shoot up the deficit. The increased outlay in defence and rise in non-plan expenditure do not guarantee that the newly-created money supply will flow into productive channels.

Prof Ghosh said the long-term fiscal policy document made the calculation that no account deficit financing in a single year should exceed 1.2 per cent of national income. Rs 7,484 crores of deficit amounts to about 3.5 per cent of national income.

/06662

Paper Reports Developments in Congress-I Committee

AICC Meetings Scheduled

46001351 Bombay *THE TIMES OF INDIA* in English
3 Mar 88 p 9

[Text] New Delhi, March 2 (PTI)—The Congress is reviving the practice of holding the meetings of the party's highest forum—AIC—more regularly.

The Congress working committee has decided to hold the next AICC meeting, after three years' gap, in Tamil Nadu, in the second week of April.

The general secretary, Mr Ghulam Nabi Azad, told newsmen that another AICC meeting will be held in September or October followed by plenary session in February, 1989.

The working committee which met at the Prime Minister's house till late last night also directed the government of Congress-ruled states to hold the local bodies elections regularly, reminding the chief ministers that such polls were mandatory.

It also asked the party-ruled states to proceed with the elections of the local bodies if they were not yet held.

With a view to reviving the spirit of freedom movement days and to inculcate Gandhian values in the younger generation the working committee decided to re-enact the historic Dandi march.

According to Mr Azad, a select group of about 80 MPs will take part in the march, which would be joined each day by legislators from various states.

Congressmen all over the country have been asked to observe two-hour's silence on three days of this month in expression of their "true Gandhian spirit", since Mahatma Gandhi had, on every Monday during his historic Dandi march, observed six hours of silence.

The working committee also passed three resolutions. It adopted a condolence resolution on the demise of Khan Abdul Ghaffar Khan, placing on record the services rendered by the Frontier Gandhi.

It expressed gratification at the formulation of the strategy by the government to boost agriculture production and welcomed the budget package for farmers.

Appreciating the "multi-dimensional" development thrust for raising agricultural production and productivity coupled with a programme of poverty alleviation, the CWC asked partymen to expose the propaganda let loose by parties trying to brand the Congress as being opposed to the farmers' needs.

The working committee, at its last meeting had set up seven sub-committees to make specific suggestions for the welfare of all sections of the society. They had submitted their interim reports earlier.

The extended meeting of the working committee directed the Congress ruled states to hold local bodies elections immediately.

Mr Azad said the committee had discussed elections to the local bodies and directed that holding such elections should be made mandatory.

It was decided that states, where elections had not been held, should proceed in the matter without further delay, Mr Azad said.

It congratulated the farmers, agricultural workers, voluntary organisations and the people in general for their courage and dynamism.

New Secretaries Appointed

46001351 Bombay *THE TIMES OF INDIA* in English
9 Mar 88 p 9

[Text] New Delhi, March 8—Mr Rajiv Gandhi today appointed nine new AICC joint secretaries and retained three earlier ones to make a total of 12 functionaries.

Prominent among those appointed as AICC joint secretaries are Mr J.K. Jain, former secretary of the Congress parliamentary party, Mr Manoranjan Bhakta, MP from Andamans who assisted Mr Santosh Mohan Deb in the Tripura poll campaign, and Mr Dalip Singh Bhuria, MP from Madhya Pradesh.

Mrs Kailashpati (UP) and Mr Sarfaraz Ahmed (Bihar) will be resigning their posts in the state PCC (general secretary) and Indian Youth Congress (general secretary), respectively, before they take up their new assignments as AICC joint secretaries, according to Mr Ghulam Nabi Azad, AICC general secretary.

The others appointed are Mr A.R. Mallu (former MP from Andhra Pradesh), Mr Phaguni Ram, Prof M. Kammen, MP from Manipur and Mr Mallapalli Ramachandran, MP from Kerala.

Those retained in these posts are Mr D.P. Roy, MP from West Bengal, Mr Bhuvaneshwar Kalita, MP from Assam and Mr Janardhan Dwivedi.

Earlier, Mrs Amarjit Kaur and Mrs Chandresh Kumari, MPs and AICC joint secretaries, were made general secretaries of the Mahila Congress.

/06662

National Development Council Meets, Appraises Plan

Proceedings of Meetings

46001370 Bombay *THE TIMES OF INDIA* in English
20 Mar 88 p 1

[Text] New Delhi, Mar 19 (PTI)—The National Development Council (NDC) today approved the mid-term appraisal of the seventh five-year plan by the Planning Commission.

The one-day meeting of the council, which was chaired by the Prime Minister, Mr Rajiv Gandhi, was attended by almost all the state chief ministers, including the non-Congress ones.

Winding up the deliberations, the Prime Minister said: "Let us go back in a defiant mood, not be cowed down but take up the challenges to take the country forward."

While noting that only two chief ministers had criticised the mid-term assessment, he said the whole purpose of the appraisal was to see that if something had gone wrong and something could be done to apply the necessary correctives.

Mr Gandhi said the seventh plan strategy had been approved at a council meeting earlier and there was no change in the strategy.

Briefing newsmen on the deliberations, official spokesman quoted Mr Gandhi as having said considering the resources position partisan politics should be set aside. Economics cannot be separated from politics but it should be separated from politicking, he added.

He regretted that some of the chief ministers who had raised certain points had left the meeting and thanked Kerala chief minister, Mr E.K. Nayanar, for being present. "My main worry is that when the time comes for discussing the matters seriously and for taking hard decisions then what we get is only slogans."

The spokesmen referred to the absence of the chief ministers, Mr R.K. Hegde, Mr N.T. Rama Rao, and Mr Jyoti Basu, after participation in the initial stages.

Earlier, the non-Congress chief ministers attacked the Centre for mis-management of federal finances, demanded prudent steps to curb wasteful and unproductive expenditure and set limits to deficit financing.

The chief ministers bitterly complained of withdrawal of overdraft facilities to them in the name of financial discipline and asked the Centre to observe the same discipline.

The chief ministers from Karnataka, Kerala, Haryana, Andhra Pradesh, West Bengal, Assam and Sikkim called upon the Prime Minister to take necessary initiative for generating a spirit of cooperative federalism on the lines suggested by the Sarkaria Commission for better Centre-state relations.

The Karnataka chief minister, Mr Kamakrishna Hegde, in a hard-hitting speech said no amount of zero-based budgeting or any other form of "ivory tower exercise" could control non-plan expenditure.

While the Andhra Pradesh chief minister, Mr N.T. Rama Rao, asked the Centre to curb deficit financing and raising of administered prices to generate revenue for the Centre, the West Bengal chief minister, Mr Jyoti Basu, complained that the whole approach of Central planning was directed towards the benefit of the upper class.

The Haryana chief minister, Mr Devi Lal, wanted the question of devolution of financial resources to be reviewed. The Kerala chief minister, Mr E.K. Nayanar, called for strict adherence to the principles of federalism and the Assam chief minister, Mr P.K. Mahanta, was critical of the continuous low level of investment in the state.

Earlier, the planning minister, Mr P. Shiv Shankar, criticised the states for their lack of effort at resource mobilisation.

Referring to Central assistance in respect of the externally-aided projects, the Maharashtra chief minister, Mr S. B. Chavan, said the state was pinning its hopes on the Central government announcing a step up in the states' share of external aid from 70 per cent to 100 per cent from the budget of 1988-89. "But our hopes have been belied," he said.

The chief minister said the state had fulfilled the targets of additional resource mobilisations in the first three years of the plan and would in all probability be exceeding them by the end of the plan.

However, due to steep rise in the non-plan expenditure, it had become difficult to keep up the tempo of plan investments. The problem had been aggravated by certain decisions of the Central government in the middle of the plan in respect of small savings—an important source of revenue for the states.

Referring to the "disquieting trend" of the steep increase in non-plan expenditure of both the Central as well as state governments, Mr Chavan said this was contributed by a number of factors, important among which was revision of salaries and allowances of the government employees.

The planning minister, Mr P. Shiv Shankar, criticised the states for not showing any real effort at resource mobilisation.

"It is somewhat disquieting to see from the press reports that most of the state budgets presented in recent weeks have not shown any real effort at resource mobilisation. I hope that the states will fulfill the promises that they have made," he said addressing the meeting of the National Development Council.

The minister said the fulfillment of the plan depended crucially on the resource mobilisation efforts that would be put in.

Report on Gandhi Speech

46001370 Calcutta THE SUNDAY STATESMAN in English 20 Mar 88 pp 1, 7

[Text] New Delhi, March 19—Mr Rajiv Gandhi today called upon the National Development Council to use the remaining two years of the current Plan to recapture the momentum lost as a result of last year's drought, "so that in the terminal year of the Plan our performance more or less falls back in line with the targets we set ourselves at the start". The Prime Minister was addressing the 40th meeting of the NDC, called to discuss the mid-term appraisal of the Seventh Plan prepared by the Planning Commission.

The country, he said, was more or less on target in the first two years of the Plan, achieving an average annual rate of growth of 4.4 per cent. But last year's drought had caused a serious setback in agriculture production and the growth rate was down to around 1.5 per cent.

Mr Gandhi, who noted that rather than "recite a litany of problems and prospects", he would like to highlight some of the main points of concern relating to Plan performance. He emphasized that raising the level of agricultural production to 166 million tons in 1988-89 and the targeted 175 million tons in the last year of the Plan "must become the single most important objective of our planning in the closing years of the Seventh Plan".

Foodgrain output, he recalled, had virtually doubled between the eve of the Green Revolution in the mid-sixties and the end of the Sixth Plan. "Thereafter, we seem to have hit something of a plateau". While the unexpected adversity of the weather was the prime cause, there had also been other shortcomings "rooted in a certain weakening in the States' commitment to give agriculture the priority in demands". Mr Gandhi told the

gathered Chief Ministers of the States and Union Territories that "there is no alternative to restoring to agriculture its lost momentum".

In his view, it was feasible to give a new thrust to agriculture in the remaining two years of the Plan. The action plan for agriculture, prepared by the Planning Commission, has a production target of 166 million tons in 1988-89, surpassing the best results achieved in every State in the recent past". "We can then make a special effort to reach 175 million tons in the last year of the Plan".

Two things were indispensable for achieving this target—political commitment to agricultural growth and a multi-tiered system of review and appraisal of the implementation of the action plan.

The Prime Minister said that while agriculture had given cause for concern, industrial performance had given cause for satisfaction. In fact, the strong performance of industry and the infrastructure had helped the country greatly in its present difficulties and ensured growth despite setbacks in the agricultural economy. "In the last four years, industry has averaged a growth rate of 8.8 per cent. We have maintained the momentum even in this drought year".

Performance in infrastructure had been outstanding, with coal and power generation "the star performers".

Mr Gandhi noted that the policy environment for public and private sector investment had yielded good results. Yet apprehensions had been voiced about a possible slowing down of investment. "We shall guard against investment decisions being excessively delayed. We shall lessen the stranglehold of red tape. We shall remove any uncertainty about our will to persist with the policies we have enunciated".

He said that much thought had been given to the important issue of the management of public enterprises.

/06662

Finance Minister for Reform in World Monetary System

46001361 New Delhi PATRIOT in English
10 Mar 88 p 9

[Text] Finance Minister N.D. Tiwari on Wednesday called for a reform in the international monetary system and said the suggestions of the five-member group, set up in 1984 by then Prime Minister Indira Gandhi should be given serious consideration.

Inaugurating the research and information system for the Non-Aligned and other developing countries in the Capital Mr Tiwari said the international monetary system had been in a state of deep disarray since the early 1970s.

It was in the interest of the developing countries to work out alternatives, consistent with their interests, Mr Tiwari added.

The real purchasing power of the developing countries was getting eroded partly because of their deteriorating terms of trade and partly due to the inadequate transfer of resources to them, Mr Tiwari said.

The institutional committee of the RIS consists of 12 coordinating countries and the three-day committee meeting being held in the Capital now is attended by representatives of all the countries.

The first business session of the committee discussed the recent trends in the world economy and the role of research and information.

Referring to contemporary trends in the economy of developing countries Mr Tiwari said growing debt burden of the developing countries was another strategic issue of recent times. The debt burden had reached the staggering level of more than a trillion dollars and debt servicing now claimed close to one-quarter of the export earnings of the developing countries as a whole, he said.

Underlining that the Non-aligned Movement emphasised the strategic importance of collective self-reliance among its member countries, Mr Tiwari said intellectual self-reliance was an essential pre-requisite for economic or political self-reliance.

Delivering the keynote address former UNCTAD secretary general Dr Gamani Corea called for re-structuring international economic system and a renewed vigour for South-South cooperation.

He pointed out that the developed countries would also benefit if the developing countries grew economically and stressed that it was the responsibility of the developed countries to help in the growth process of the developing countries.

Earlier RIS chairman G. Parthasarathy said the meeting would review the progress made in the development of the RIS since 1985.

Listing the three major objectives of the meeting in his welcome address Mr Parthasarathy said the meeting would also chalk out the work programmes and priorities of research and other activities for the promotion of the RIS in the global framework.

To promote greater coordination and effectiveness in the work programme of the RIS the meeting would attempt to allocate responsibilities among the members of the institutional committee.

Cuba, DPR Korea, Guinea, Mozambique, Nicaragua, Nigeria, Peru, Sri Lanka, Tunisia, Yugoslavia, Zaire and India are the 12-member countries taking part in the meeting.

/06662

Finance Minister for Structural Change in Indo-USSR Trade

46001369 New Delhi PATRIOT in English
19 Mar 88 p 9

[Text] Finance Minister N.D. Tiwari has called for a structural change in the Indo-USSR trade through cooperation in production, joint venture and the services sector.

Speaking to the USSR delegation headed by the first Deputy Prime Minister and Chairman of State Planning Committee T.D. Msiyukov on Friday Mr Tiwari desired an expansion in the list of commodities, machinery and equipment and stressed that the two countries should finalise their trade projection right till 1992.

He said that we must have a firm long term demand so that producers particularly in agriculture sector do not suffer on account of sudden change in the USSR import orders.

India is exporting to the USSR items like tobacco, fruit juices, cotton textiles, jute, etc, and contract for these are signed every year. Besides a number of engineering items are also being exported to the USSR.

Since these require major investments in plant and machinery, it was necessary to have long term contracts.

In the production cooperative sector Mr Tiwari said that a joint committee has already been established and Indian businessmen are working on setting up joint ventures.

He pointed out that so far only 13 contracts in public sector have been signed and pace in this regard could be improved.

The Minister stressed that India attaches great importance to Soviet technology and pleaded for developing a system to enable Indian companies to know about it in order to help production cooperation.

/06662

Sanjay Manch Merges With Janata, Lok Dal
46001364 Calcutta THE STATESMAN in English
14 Mar 88 p 13

[Text] Amethi, March 13—Mrs Maneka Gandhi handed over the flag of the Sanjay Manch to Mr Chandra Shekhar on the Shiv Pratap School grounds here last evening, signifying the merger of her party in the Janata Party.

Mrs Maneka Gandhi said that this was one more big step towards oppositional unity to challenge the "corrupt rules of the day and try to provide a clean alternative".

Welcoming the merger on the rostrum where several leaders of the Janata Party, including Mr Ramakrishna Hegde, Chief Minister of Karnataka, and Mr Biju Patnaik had gathered, Mr Akbar Ahmed "Dumpy", Sanjay Manch MLA from Uttar Pradesh, made an impassioned plea to bring the Opposition closer together to provide a viable and credible alternative. He insisted that the merger was a notice to the Prime Minister that it would be difficult for him to get re-elected from Amethi again, whenever elections were held.

Mr Satya Prakash Malaviya, general secretary of the Lok Dal (A), affirmed that his party had merged in the Janata and was very pleased that the Opposition force had become strong. They were beginning to offer a strong challenge to the Congress(I).

Mr Ajit Singh was expected to be there yesterday, but was reported to have changed his plans and decided to go to Delhi from Patna.

It is learned that the Janata national executive and executive committees of the Lok Dal (A) and Sanjay Manch will meet soon to finalize the modalities of the merger of three parties. They will discuss how the leaders of the Lok Dal (A) and Sanjay Manch are to be accommodated in the enlarged party.

A controversy had arisen over the position of working president offered to Mr Ajit Singh. The question of offering a suitable position to Mrs Maneka Gandhi will also arise.

One way out may be to amend the Janata Party constitution and provide for some positions of vice-presidents and give two of these to Mr Ajit Singh and Mrs Maneka Gandhi. But that can only be done at the end of April when the Janata national council meets. But prior to that the modalities of the merger can be finalized. The party president can appoint office-bearers from the Lok Dal (A) and Sanjay Manch to positions of general secretaries and joint secretaries and similar positions in State units. That would make it easier for the national council to come to grips with the political and economic issues before the country and party.

Another major question before the Janata Party is the election of a new party president as Mr Chandra Shekhar has announced his desire to retire from the office after holding it for 11 years. A consensus has to be built up on his successor and a senior leader of national stature would have to be chosen. Mr Ajit Singh has already announced that he does not wish to become president of the Janata Party if there was no unanimity over his name. He did not wish to force his way, he added.

But all the same, there has been some unpleasantness in the Lok Dal (A). Not all leaders of the party are happy over the sudden winding up of the show.

Mr Ajit Singh has been saying that the name of the Janata Party was proposed by Mr Charan Singh. His father had also given the Bharatiya Lok Dal symbol to the party in 1977. His entry into the Janata Party was a homecoming for him.

But some eyebrows have been raised that his chief political qualification is that he is the son of Charan Singh—a man strongly opposed to dynastic political succession.

It is, however, argued in the Janata circles that Mr Ajit Singh has proved himself to be a politician with a cool head, good education and humility without a show of excessive ambition.

The stamp of the Gandhis is evident in this small town. Mr Rajiv Gandhi's name is on several walls of this constituency.

But so is that of Mrs Maneka Gandhi. She is still popular and a crowd-puller even though she lost the election to the Lok Sabha from here at the end of 1984.

Now, the green-and-white flags of her party have been replaced by those of the Janata Party.

It took a convoy of more than 100 cars carrying Mrs Maneka Gandhi's party five hours to drive down to Amethi from Lucknow in a whistle-stop journey through eastern U.P. She stopped at nearly a dozen places where hundreds of people greeted her.

The biggest gathering was the new industrial town of Jagdishpur, five kilometres from Amethi.

/06662

Results of Bofors Investigation Raise Questions
46001368 Bombay THE TIMES OF INDIA in English
17 Mar 88 p 1

[Text] The findings of the CBI inquiry into the antecedents and dealings of the three companies alleged to have been paid the slush money in the Bofors contract are baffling.

The investigating agency is also believed to have come up against roadblocks against further probe at the Swedish and the Swiss end.

The results of the CBI inquiry, undertaken at the behest of the joint parliamentary committee probing the Bofors deal, were conveyed to the committee at its last meeting, but these have raised more questions than they have answered.

For instance, the CBI found it was not difficult to get hold of lists of boards of directors of the three companies in question. But subsequent checks showed some of these names to be false.

All that can, therefore, be said at this stage is that name of no Indian either living in the country or abroad was found to be on any of the boards of directors whose names were available with the registrars of companies in different locations.

But this does not rule out the possibility of an Indian interest at work. Nor for that matter does it eliminate a possible Swedish interest, either business or political.

The investigating agencies came up against a big impediment in trying to ascertain anything of significance regarding bank accounts of those on the boards of directors of the three suspect companies, it is understood.

The Swiss authorities are believed not to have cooperated at all, saying their laws did not permit going into bank accounts of depositors. The Swedes, too, are believed to have cried off, but on another count.

They are understood to have told the investigators that bank accounts of only such persons can be checked up concerning whom there may be a court ruling to that effect, not otherwise.

Now the government is understood to be pursuing the legal implications of the "business confidentiality" that Bofors comes up with in any discussion on disclosing who it paid the money to.

The JPC is also now said to be getting ready to invite the attorney-general, Mr K. Parasaran, to discuss with it the legal aspects of government confidentiality as per the Swedish law, as also in terms of the contract between Bofors and the ministry of defence.

It has to be ascertained, for instance, whether under the law or under international conciliation procedures applicable in commercial contracts, India can force Bofors to reveal names to recipients of kickbacks to the other contracting party to the gun deal, i.e. the defence ministry. And, if so, will it be binding on Bofors to do so?

Mr Parasaran had already joined the committee's deliberations once last month, when he was reported to have gone over the broad terms of the Bofors contract with JPC members.

On that occasion, he is believed to have sought more time to study the Swedish law and its possible applicability in the contract with Bofors, sources said.

/06662

Central Statistical Office Reports Industrial Growth Rate

46001359 Calcutta *THE TELEGRAPH* in English
17 Mar 88 p 6

[Text] New Delhi, March 16 (PTI)—Industrial growth rate during 1987 is estimated at 11 per cent, despite a sharp deceleration in the second half of the year, according to the Central Statistical Organisation (CSO).

The "quick index," of industrial production (1980-81-100) shows a deceleration in the overall growth from 10.2 per cent in November, 1987, to 6.1 per cent in December last. In fact, the growth rate continued in single digit from August, excepting in November.

Sectorially, manufacturing which accounts for over three-fourths by weight in the general index, posted a growth rate of 12.7 per cent in 1987, followed by electricity (weight: 11.4 per cent) a growth rate of 8.3 per cent and mining (weight: 11.5 per cent) a growth rate of mere 4.3 per cent.

However, what is disconcerting is the steady deceleration in the industrial growth rate throughout 1987. Whereas the overall industrial growth rate in the first quarter of 1987 (January-March) was 14.8 per cent, it came down to 11.5 per cent in April-June, and further to 10.9 per cent in July-September and eventually to a single-digit seven per cent in October-December. Thus, the last quarter performance is less than half of the first quarter.

The prime reason for this steady deceleration is because of the consistently declining trend in manufacturing growth rate, which fell from a spectacular 17.7 per cent in January-March 1987 to 13.2 per cent in April-June and 12.2 in July-September and further down to eight per cent in October-December. Thus even in manufacturing there has been a sharp fall in the growth rate from the first quarter to the last quarter.

The performance of electricity generation had gone up to 10 per cent in the third quarter but skidded to 4.5 per cent in the last quarter.

As for mining, the deceleration was noticeable in the third quarter when it fell from 5.7 per cent during April-June 1987 to 4.8 in July-September and further down to 3.5 per cent in October-December last.

A comparative study of the first and second half performance of industrial growth throws up a sharp contrast. Whereas the growth rate was 13.2 per cent (overall) during January-June 1987, this fell to 8.9 per cent during the second half of last year. Of this, manufacturing growth fell from 15.6 per cent in the first half to 10 per cent in the second half, while electricity fell from 9.5 to 7.2 per cent. Mining registered a decline from 4.6 to 4.1 per cent in the growth rate between the first and second half of last year.

/06662

Papers Report CPI-M Victory in West Bengal Elections

Overwhelming Victory

46001352 Bombay *THE TIMES OF INDIA* in English
3 Mar 88 p 1

[Text] Calcutta, March 2—Despite the bitter infighting among the constituents of the ruling Left Front on the eve of the panchayat election in West Bengal, the CPM has made an overwhelming sweep of the panchayat poll.

The Congress, a poor second, has failed to exploit the division among the front partners because of its organisational weakness in the rural areas.

With this resounding victory, the CPM has once again asserted its unquestionable supremacy in the rural Bengal. Indeed, the CPM was badly in need of such a decisive victory to improve to some extent its all-India image which suffered considerably following the party's recent reverses in the Tripura assembly poll.

One important aspect of this election has been the Congress charge of mass-scale rigging and terror tactics by the CPM cadres in the countryside. Three ministers of the Forward Bloc and the RSP, two constituents of the Left Front, made similar charges before the election. The Forward Bloc minister for agriculture, Mr Kamal Guha, continues to make such charges even after the election.

It is felt that this aspect of alleged terror tactics by the CPM is going to have a far-reaching consequence in West Bengal politics. The position of the Congress has worsened this time in all the three tiers of the panchayat than what it was last time.

The West Bengal Pradesh Congress president, Mr P.R. Das Munshi, is bent on making CPM atrocities an issue because, he feels, the Congress has failed not because of the party's organisational weakness but because of rigging and the reign of terror unleashed by the CPM.

Mr Das Munshi has already succeeded in persuading the Union home minister, Mr Buta Singh, to visit West Bengal, amid his busy schedule, to see for himself the evidence of reign of terror by the CPM. Circles close to the CPM feel that Mr Singh's proposed visit was part of

a manoeuvre to impose some sort of central jurisdiction in West Bengal before the next Lok Sabha poll as had been done in Tripura to the benefit of the Congress.

Considering Mr Das Munshi's penchant for making wild charges against the CPM round the year, one wonders whether his refrain of rigging is similar to the proverbial crying wolf.

This is because the panchayat election which had more than one-and-a-half lakhs of candidates, could not have passed off more or less peacefully if there has been large-scale rigging as alleged by the Congress. Repolling or recounting had not been ordered anywhere for reasons of violence.

Yet another significant feature of the election is that apart from the CPM, the three other partners of the Left Front—the CPI, the Forward Bloc and the RSP, have also improved their position in the panchayats, though not as overwhelmingly as the CPM.

Interestingly, the four left parties have improved their position at the cost of the Congress. In the circumstances, it is difficult to understand how the alleged reign of terror by the CPM has affected the Congress alone.

The rural masses have voted for the left parties, as Mr Jyoti Basu has correctly pointed out, not for what they had said but for what the Left Front government had done for them. The land reforms giving rights to the landless farmers and small farmers over the land they till, the raising of the daily wage of millions of agricultural labourers and welfare schemes through the panchayats made the rural masses side with the Left Front.

The negative campaign by the Congress did not cut much ice with them. The huge meetings Mr Basu addressed before the poll was an indication of the things to come. Mr Das Munshi had hopped into the interior areas but it is felt that the simple people in the remote villages had gathered more to look at his helicopter, which was a novelty to them.

Again, among the left parties what has helped the CPM most in crating a strong base in the rural areas is its peasants' front, the Kisan Sabha. For the last ten years the Kisan Sabha is closely associated with the land reform work and other welfare activities.

A sizeable percentage of agricultural labourers are members and it is little wonder the CPM has won more than 62 per cent of seats at the gram panchayat level. The Congress, it may be mentioned, has no peasants' organisation in the state worth its name.

Yet another factor which has helped the CPM is its primary teachers' organisation. All the villages in the state has at least one primary school and since the primary teachers are members of panchayat, the organisation also played a key role in the panchayat election. It

is not merely the election campaign, but organisational set-up and close contacts with the rural electorate that gave the CPM its splendid victory.

Meanwhile, two veteran Bengal pradesh Congress leaders, Mr Ashok Sen and Mr Ghani Khan Chowdhury, have criticised the present PCC leadership for its failure to conduct the panchayat election campaign in the state. Both of them blamed the PCC president for giving a wrong direction to the Congress campaign.

Mr Ashok Sen said it had now been proved that "pygmies" could not run a party organisation.

More Details

46001352 Calcutta the telegraph in English
2 Mar 88 p 1

[Text] Calcutta, March 1—The CPI(M)-led Left Front has achieved a resounding victory in the three-tier panchayat elections, inflicting a crushing defeat on its main contender, the Congress (I). This is the third successive victory of the Left Front in the panchayat polls after it came to power in West Bengal in 1977.

The latest tally indicates appreciable CPI(M) gains at the gram panchayat, Panchayat samity and zilla parishad levels with the Congress (I)'s strength considerably reduced in all the three tiers.

Among the other Left Front partners, the CPI has greatly improved its position due mainly to its alliance with the CPI(M) in most of the districts. The other two Front constituents—Forward Bloc and RSP—have been able to maintain an overall status quo despite their failure on seat adjustments with the CPI(M).

The chief minister, Mr Jyoti Basu, and the Left Front chairman, Mr Saroj Mukherjee, today congratulated the people for their poll verdict against the Congress(I). Mr Basu stressed the need for strengthening the Left Front to ensure better rural development despite partial reverses suffered by some of the Front partners.

According to the chief minister, the CPI(M)'s electoral gains are apparent from the fact that the party has increased the number of its seats from 53.45 per cent to 66 per cent. On the other hand, the Congress(I)'s strength in terms of seats has been reduced from 32.25 per cent to just 22 per cent.

The district-wise results of the gram panchayat elections indicate that the CPI(M) has been able to consolidate its position in most of the districts. In Burdwan, the CPI(M) has won 3,935 of the 4,562 gram panchayat seats it contested. The Congress(I), which had put up nominees in 3,560 seats, could return only 687 of them. The CPI, RSP and the Forward Bloc had 94, 41 and 95 of their nominees elected. The RSP's performance in the district

has been quite remarkable since it had put up only 44 candidates. The figures indicate that all the Front partners have gained in the district at the cost of the Congress(I).

In Howrah too the CPI(M) has the lion's share of seats followed by the Congress(I). Out of a total number of 2,600 seats, the CPI(M) has captured 1,606 and the Congress(I) 848. The Forward Bloc, which has a base in the district, has won 111 seats as against 108 last time. While the CPI has been able to raise its tally from 17 to 23, the RSP has failed to capture a single seat.

In Hooghly the CPI(M) has won 2,673 out of 3,434 seats. While the CPI(M)'s tally has gone up from 1,689, to 2,673, the Congress(I)'s strength has been reduced from 1,003 to 587.

The Forward Bloc, which was locked in triangular contest with the CPI(M) and Congress(I) in most of the areas, has, succeeded in raising its tally from 43 to 57.

The CPI(M) has also made impressive gains in its strongholds of Purulia and Bankura. Out of 3,084 seats in Purulia the CPI(M) alone has captured 1,382 seats, with the Congress(I) winning only 436 seats. The Forward Bloc, however, has also been able to increase its strength from 117 to 154 seats.

The Congress(I) has suffered a major setback in Bankura district. The party, which had won as many as 564 seats last time, has captured only 252 seats this time. The CPI(M) has virtually swept the district by capturing 2,383 out of a total number 3,015 seats. The RSP and the Forward Bloc have succeeded in maintaining more or less a status quo in the district.

The CPI(M)'s success has perhaps been most resounding in Midnapore district where the party won 5,432 out of 7,764 seats with the Congress(I) capturing 1,396 seats. The CPI, which had won 315 seats by contesting as many as 2,682 seats last time, could capture 384 out of 688 seats it contested this time by virtue of its alliance with the CPI(M).

The Congress(I)'s success has been quite marked in West Dinajpur where the party won 857 seats as against 976 captured by the CPI(M). In Malda, the Congress(I)'s traditional stronghold, the party suffered some reverses and could capture only 858 seats against the CPI(M)'s figure of 1,226. In Murshidabad, North and South 24-Parganas the Congress(I) has won only half the number of seats captured by the CPI(M).

In the panchayat samiti elections also the Congress(I) is lagging far behind the CPI(M).

Papers Report on Tibetan Activities

Memorandum to Gandhi

46001357 Calcutta THE STATESMAN in English
9 Mar 88 p 13

[Text] New Delhi, March 8—The Tibetan Youth Congress has submitted a memorandum to Mr Rajiv Gandhi, urging him that the Indian Government review its policy on Tibet in view of the latest developments there, support declaration of Tibet as a zone of peace and sponsor a discussion on this within the South Asian Association for Regional Cooperation, the non-aligned movement and the United Nations.

The memorandum requested the Indian Government to call on China to respect and uphold the U.N. resolution of December 14, 1960 on the declaration of the granting of independence to colonial countries and people".

It said: "The Chinese are supplying weapons to Pakistan and meddling in India's internal affairs by supporting various insurgent and separatist groups. Furthermore, China lays claim to and occupies large strategic territories of India and refuse to accept Sikkim as an integral part of India. Hence, China cannot be a friend of India and we strongly feel that India should declare China as a hostile country".

The memorandum said the issue of Tibet had once again assumed special significance in the light of the demonstrations on March 5 in Tibet. Already there were reports of Chinese killing six to nine Tibetans. "Tibet is cut off from the rest of the world and telephone and telex connections with Tibet have been snapped. We are deeply concerned about the situation in Tibet."

"Your excellency is aware that China used similar repressive measures to suppress the independence demonstration in September and October last year. More than 32 Tibetans were killed and thousands imprisoned. Several free nations of the world condemned China and supported the cause of the Tibetan people. In India also there have been demonstrations in support of Tibet's independence.

"Unfortunately, the position adopted by your Government in the old days that Tibet is "a part of China" is not only at variance with the truth and against the wishes of the people, but also totally incomprehensible. For, the continued occupation of Tibet and its militarization is a constant threat to India's security", the memorandum said.

A delegation of the Tibetan Youth Congress yesterday went to the Chinese Embassy to hand over a memorandum addressed to the Prime Minister of China, calling on him to "quit Tibet" immediately.

Another delegation went to Parliament House to submit a memorandum to Mr Gandhi, in which, the Tibetans appealed to him to cancel his proposed visit to China.

Tibetans' Simla Press Conference

46001357 Bombay *THE TIMES OF INDIA* in English
14 Mar 88 p 9

[Text] Tibetan emigres in India may, in the near future, open a dialogue with Indian communists to seek their support for a "free Tibet."

This was hinted by two representatives of the emigres here on Wednesday while speaking to the TOINS on the eve of the 29th anniversary of the Tibetan uprising.

Mr Pasang Tsering, Tibetan welfare officer and a representative here of the Dalai Lama's office, and Mr Topgyal of the Tibetan school at Kusumt, a suburb of Shimla, while appealing to the Indian government to support the cause of free Tibet as a zone of peace, said—"If nothing else, enlightened self-interest should motivate India to support us."

The two Tibetan leaders suggested that representative organisations may, in the near future, consider opening a dialogue with Indian political parties including the Communists, to seek this support.

"We are not for or against any ideology while demanding freedom for our people. We have nothing against Marxism either. What we oppose and fight is colonialism and imperialism of all hues and shades. Just as Indians bore no ill will against the people of Britain while fighting imperialism, we too have nothing against the Chinese people, of course, we are against colonisation of Tibet by others and suppression of our political will by the Chinese government," Mr Topgyal explained.

"An eye-to-eye confrontationist situation between the Chinese and Indian armies is a reality. This poses a potential danger to peace in the region. Establishment of an independent Tibet is the only way of bringing about a disengagement of the forces of the two countries, Mr Topgyal said.

Mr Pasang pointed out that the Dalai Lama has already expressed himself in favour of a "free Tibet".

Both he and Mr Topgyal added that the statues of a zone of peace for free Tibet could be guaranteed through a multinational treaty involving India, Nepal, Bhutan, Burma, China, the USSR, Pakistan and Afghanistan.

Answering a question, Mr Pasang and Mr Topgyal, who were educated at Delhi University, quoted their spiritual and temporal head to assert that a "free Tibet" would be democratic and land reforms would be an integral part of this new order.

They pointed out that in his statement, issued on the eve of the 29th anniversary of the Tibetan uprising, the Dalai Lama has stated that "no Tibetan is interested in restoring outdated political and social institutions."

In the statement, the Dalai Lama further said, "As I have said many times, even the continuations of the institution of the Dalai Lama is for the people to decide. Respect for freedom and democracy is essential for the development of modern Tibet and its people."

The Tibetan spokesmen regretted that while the Western press had shown an awareness of the Tibetan situation the same could not be said of the Indian media. This could be the result of lack of knowledge about Tibet and the Tibetan people. Mr Topgyal said that there could now be an effort on the part of the Tibetan community in India to file this information.

India, rightly or wrongly, accepted Chinese dominance over Tibet. It was perhaps due to physical and military realities of the time that India did so. In this changed global situation, India could now take a stand in favour of creating a zone of peace between herself and China, Mr Topgyal said.

Mr Pasang and Mr Topgyal stressed the non-violent character of the Tibetan people's struggle quoting once again the Dalai Lama's statement on the Tibetan situation.

Beijing, (AFP): The Panchen Lama, the second highest Tibetan religious authority, could be elected vice-president of China in a propaganda move aimed at wooing the Tibetan people, Chinese sources said on Sunday.

Although a supporter of the Chinese government and considered by some Tibetans as a "collaborator", the Panchen Lama, 50, is widely respected in Tibet and continues to have a strong influence there, observers said.

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Troubles Reported in Janata After Merger With Lok Dal

Ajit Singh Working President

46001355 New Delhi *PATRIOT* in English
8 Mar 88 p 1

[Text] Janata Party president Chandra Shekhar on Monday appointed Lok Dal (A) president Ajit Singh the working president of the new Janata Party following formal announcement of the merger of the two parties.

Mr Chandra Shekhar also simultaneously announced his decision to relinquish the post of the party presidentship at the joint national council of the two parties to be held next month. He declared to propose Mr Ajit Singh's name for the presidentship.

In a statement issued to the press, Mr Chandra Shekhar said until the national council meeting next month, "I have requested Mr Ajit Singh to share with me the responsibility of running the party as working president and he has kindly agreed".

General secretaries of the Janata and the Lok Dal (A), Yashwant Sinha and Dr Subramaniam Swamy respectively, said in a joint statement that the two parties' formal merger into a single entity would be effective with immediate effect. The merger would be formally ratified by the joint convention of both the parties, they said.

Mr Chandra Shekhar said with the merger a humble beginning had been made towards consolidation of the Opposition parties which share a common national perspective.

The two presidents had been authorised by their respective parties to work out the modalities for merger to provide the much needed nucleus for further consolidation of other Opposition parties, the statement by the two general secretaries said.

They said the new party would retain the name and symbol and flag of the Janata Party and the secretaries of the two parties would function jointly for the time being, until the national convention would elect a new secretariat.

With the merger, Mr Chandra Shekhar consummated the process of cooperation and alliance his party has had with the Lok Dal (A) since the June, 1987 Haryana elections.

According to observers, Mr Chandra Shekhar, in this way, has preempted the moves by senior party leaders including Karnataka Chief Minister Ramakrishna Hegde, Mr Biju Patnaik and Mr George Fernandes who have an eye on the party's highest post.

Dissension Over Appointment

46001355 *Calcutta THE TELEGRAPH in English*
9 Mar 88 p 1

[Text] New Delhi, March 8—Mr Ajit Singh's accession to the presidentship of the Janata Party appears to have run into rough weather. The move, initiated by Mr Chandra Shekhar, is being contested by several top-rung Janata leaders, including the Karnataka chief minister, Mr Ramakrishna Hegde, Mr Biju Patnaik, Mr George Fernandes and Mr Surendra Mohan.

According to sources in the party, these leaders, along with several others, have urged Mr Chandra Shekhar to convene an emergency session of the party executive to discuss the matter. Although this could not be officially confirmed, there is considerable opposition within the

party to the proposal to make Mr Ajit Singh the president. One section, led by the Delhi unit president, Mr Viresh Pratap Chaudhary, has risen openly in revolt and demanded that Mr Hegde succeed Mr Chandra Shekhar as president.

Mr Chaudhary in a statement said that senior party leaders had already asked Mr Hegde to contest for presidentship of the party and he had "acceded to the request." Mr Hegde himself has remained silent on the matter though it is clear that he is building up his lobby within the party.

However, Mr Ajit Singh claimed today that there was no opposition within the Janata to his becoming president. "As far as I know, Mr Hegde does not want to be party president. He did not oppose my name when it was proposed by Mr Chandra Shekhar at the parliamentary board meeting," he said.

Senior Janata leaders are opposed to what they call Mr Chandra Shekhar's "unilateral decision" to elevate Mr Ajit Singh to party presidentship and say there could be no justification for such a move when "suitable candidates are present in our own party."

A senior Janata leader and member of the party's national executive said, "Mr Chandra Shekhar has not taken the party into confidence on the matter and there is bound to be some opposition."

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Appointment of Akal Takht Chief Ratified

46001356 *Calcutta THE TELEGRAPH in English*
9 Mar 88 p 4

[Text] Chandigarh, March 8—The Shiromani Gurdwara Prabandhak Committee (SGPC) today ratified the appointment of Bhai Jasbir Singh Rode as Jathedar of the Akal Takht. Today's meeting of the SGPC executive also accepted the resignation of Prof. Darshan Singh from the post. Nine of the 15 members of the SGPC executive were present at the meeting.

Today's decision is significant because Bhai Jasbir Singh, who had been nominated as the Akal Takht Jathedar at a militant Sarbat Khalsa in the Golden Temple on January 16, 1986, had hitherto not been officially recognised by the SGPC, which is the sole body legally empowered to appoint head priests. After the re-election of Mr Gurcharan Singh Tohra as the president in November 1986, the SGPC had appointed Prof Farshan Singh as the Akal Takht jathedar, the highest seat of Sikh temporal authority.

Prof Darshan Singh had, however, chosen to call himself the acting jathedar, maintaining that the real head was Bhai Jasbir Singh, who was then imprisoned at Jodhpur.

The SGPC's ratification on the eve of Bhai Jasbir Singh's anointment at the Golden Temple tomorrow, makes him the legal chief of the Akal Takht.

The vice-president of the SGPC, Mr Harinder Singh told newsmen that the meeting had placed on record the exemplary services of Prof Darshan Singh to the panth.

Mr Parkash Singh Badal, who was present at today's executive meeting welcomed the decision and announced that he would be present at Bhai Jasbir Singh's anointment ceremony tomorrow. Significantly this is the first time that Mr Badal will be visiting the Golden Temple since his release from prison on December 2 last year.

Mr Badal condemned Mr Buta Singh's remark in Parliament yesterday, that emergency may be declared in Punjab. He said it appeared that the Centre wished to create fresh mischief in Punjab. The UAD leader said there was no question of abandoning the March 21 rally in Delhi and he appealed to all Sikhs and Punjabis to make this rally and the nationwide Opposition bandh on March 15 a success.

It is reliably learned that the nine members of the SGPC executive present at today's meeting held long parleys at Mr Badal's residence before the meeting.

Agencies Add From Amritsar

The four head priests and the senior UAD leader, Baba Joginder Singh, have welcomed the SGPC decision.

The head priests told PTI that the SGPC had rightly performed its religious responsibilities. "It is a matter of great joy that this ceremony is being held in an atmosphere of Sikh unity and without any obstacles," they said.

Baba Joginder Singh said, "The SGPC decision is a proof that the Sikhs are united."

The centre today ruled out early restoration of popular government in Punjab, a report from N. Delhi said.

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More Developments in Defense Production Reported

Concern Over Cost Reduction

46001358 Bombay THE TIMES OF INDIA in English
4 Mar 88 p 4

[Text] New Delhi, March 4—there is considerable concern in defence circles at the sudden scaling down of the defence expenditure reflected in the fiscal 1988's outlay for the armed forces. The 8.3 per cent increase over last year's revised estimates (which have themselves reflected a Rs 523-crore downward revision), according

to them, cannot even meet the normal requirements of maintaining of the Army, Navy and Air Force at the current level of preparedness. The most important question being put forward is whether this reflects some changed policy or a decision to postpone the hard options for an appropriate later period. Does this reflect a perception that the threats to the security of the nation have lessened? The clear answer would in all likelihood be no, since no developments have occurred to warrant that conclusion.

In this light defence planners feel that the recent development is a product of lack of adequate policy and a faulty step since postponement of expenditure will only result in enhanced costs later.

Informed sources say that the decision to retrain defence expenditure was taken following the feeling among important Finance Ministry officials that the rate of growth of defence spending was much too fast. They say that part of the problem also lay in the fact that the Defence Ministry case was not argued effectively enough with Mr. Tiwari who had a hard task of meeting all the demands of what has been described as an "election year budget." However, the Defence Ministry cannot escape blame for its own performance last year.

A close look at the expenditure budget papers indicates that the most disturbing problems seem to have arisen in the case of utilising the money allocated for capital expenditure which would take in money for acquiring new aircraft, tanks, ships, and other equipment as well as plant and machinery for the ordnance factories.

While the fallout of Bofors and submarine scandals seem to have dampened the expenditure on acquisitions, the most drastic inability to spend money in 1987-88 seems to have been in acquiring equipment to modernise the 36-odd ordnance factories. For this purpose, a sum of Rs 680 crores had been budgeted for capital expenditure in 1987-88 and revised down to Rs 254 crores when the fiscal 1988 budget was made. In the coming year Rs 388 crores has been budgeted under this head.

Informed sources say that while the problem with Bofors and submarine issues certainly cramped the acquisition process considerably, this should not have had such an impact on the acquisition of capital equipment for the ordnance factories which are in dire need of modernisation. They say that the problem was related to the poor management of the Department of Defence Production and Supplies which adopted an over-timid approach resulting in the non-utilisation of the budgeted resources.

Achievements

With the impressive achievements of the Defence R&D showing early fruit in the form of the Trishul and Prithvi missile tests and the success of the Arjun field trials along with a host of other achievements in fields ranging from radar technology to tank ammunition, there is need to

stress the fact that to productionise many of these considerable investment would have to be catered for. Given the new and pragmatic strategy of farming out components widely to existing public sector units, ordnance factories and the private sector, the costs will be manageable, but there can be no escape from modernising the facilities of many of these units and in the case of government-owned units the costs will have to be provided by the Government. Any slackness on this score will create bottlenecks leading to a waste of the expenditure that is now being undertaken in R&D and obviously reflect in much greater long-term burdens.

In this contest, there are many even within the Defence setup who agree that the issue of the burden of defence spending has to be met four-square and the needs of the country's development cannot be ignored. However, they argue that this cannot be done within the confines of the present policy and a radical rethinking in defence planning would have to be undertaken to ensure that the inter-relationship between civil and military sectors can be mutually beneficial. This may relate to technology development and production as well as manpower planning.

Another important area is that of exports of arms and other equipment. There are problems here but a close study can be made to see how they can be used to amortise part of the burden. This is the way it is done in most weapons manufacturing countries. In the short-term, exporting weapons or related equipment may not be feasible, but there is considerable scope in the export of technologies being developed by the Defense R&D for which there are several buyers. As a leader of the non-aligned world, India should certainly have some scruples in this regard, but given the burden of Defence which India has to bear without external support has its own imperative.

First Ammunition Plant

46001358 Madras *THE HINDU* in English
5 Mar 88 p 4

[Article by Dilip Chaware: "First Ammunition Plant Soon"]

[Text] The first ammunition plant based on indigenous technology will be shortly commissioned at Tiruchirappalli to manufacture critical ammunition known as Fin Stabilised Armour Piercing Discarding Sabot (FSAPDS).

The Rs100-crore plant will provide the Indian armed forces with a lethal weapon, specially in the field of tank warfare.

The super-dense heavy alloy for the penetrator was developed by the Defence metallurgical research laboratory, Hyderabad.

Dr N.S. Venkatesan, director of the Armament research and development establishment (ARDE), told a team of journalists recently that the Indian researchers—including those at ARDE—were capable of developing and designing any conventional equipment or for that matter, anything required by the services.

The emphasis, however, will remain on technology-oriented projects. The perspective plans for the next two decades are ready and no imports of critical materials will be needed to implement them.

The ARDE has been busy developing suitable indigenous technology for various types of arms, while upgrading the arms already in use.

Some other examples in this connection include the 106 mm recoilless gun, of US origin, whose armour defeating capacity is being increased by employing advanced warhead technology in a modified version of anti-tank ammunition.

In the case of naval systems, the Indian sea mine is being developed, which is capable of being deployed against both submarines and surface combatants. Combining the state of art technologies in sensor, electronic signal processing for target identification and initiation, the mine is in an advanced stage of development and will be series produced.

The highly effective surface-skimming long range anti-ship missiles have emerged as the most serious threat to surface naval combatants. They depend on active radar guidance during the terminal phase. Hence, they can be seduced away from the target ship by a cloud of "chaff" which produces false radar echo. The ARDE has recently completed the development of electronic counter-measure rockets which are fired in the direction of the approaching missile. The chaff cloud produced by these rockets decoy the homing missiles away from the target ship. The rockets are under the phase of technology-transfer.

While these counter-measures of a passive nature are being developed, a PFHE shell for the naval gun is evolved as an active measure against the anti-ship missiles. The shell is pre-fragmented and is provided with a proximity fuse. Thus, the large number of fragments are thrown in the vicinity of the target and its destruction is ensured.

One of the major armament programmes underway at the ARDE is the development of the Cluster weapon system. The weapon dispenses a large number of bomblets (heat and incendiary) when it is delivered by a strike aircraft in high speed laydown mode of attack. This weapon will enhance the firepower of several of the ground attack aircraft in the IAF service. It is useful in arresting tank the APC columns, parked enemy aircraft and similar targets.

The existing 1,000 lb (450 kg) World War II vintage bomb is not suitable for today's high speed combat aircraft, since it imposes excessive drag penalty in the high speed laydown modes, affecting aircraft performance and radius of action. A new high speed low drag (HSLD) bomb, is, therefore, under an advanced stage of development for use of the current and futuristic combat aircraft. It incorporates a number of advanced technologies.

A most effective form of aerial warfare today is the denial of the enemy runways to its own combat aircraft, so that the planes remain grounded and vulnerable to successive bombing raids. A runway denial weapon using retro-penetration technology is being developed. Its complex technology involves a drogue parachute to ensure a clean separation after the release and the safety of the aircraft; it is then accelerated by a rocket propulsion motor in its tail; with its kinetic energy thus boosted, the weapon penetrates deep into the runway and craters it so badly that its restoration will require a number of days. A delay mechanism in its guarantees the explosion only after penetration.

The training of combat pilots in bombing missions with full-scale live bombs is both prohibitively expensive and not always safe. A low weight retarded practice bomb for use on all types of aircraft with the army and navy is developed to overcome these problems. It can simulate the trajectories of different types of bombs by the substitution of different drag plates.

Some of the major achievements of ARDE are: the 7.62 mm Ishapore self-loading rifle to replace the .303 Lee-Enfield bolt action rifle; the 75/24 pack Howitzer and a range of ammunition which can be dismantled and is the first higher-calibre weapon system developed indigenously; the 105 mm Indian field gun; the multi-barrel rocket launcher systems; a battery of six launchers which can deliver a salvo of 40 rockets in 20 seconds to the maximum range of 20 km; the FSAPDS ammunition for the Vijayanta and the T-55 up-gunned MBT; the 51 mm lightweight infantry platoon mortar, which is man-portable; the 81 mm and 120 mm illuminating bombs; the three anti-tank mines, capable of destroying any known battle tank in the world. They are totally non-detectable by normally available detectors; proximity fuses; training devices to impart realistic operational training at a fractional cost of the parent weapons ammunition; the Limpet mine for the navy and a short range anti-submarine rocket; the 68 mm "Arrow" rockets for the IAF; the retarded tail unit (RTU) and the FUZE system retards the downwards velocity of the bomb, giving an opportunity to the aircraft to fly beyond the danger zone; the escape air cartridges—32 types so far—have saved the lives of a number of pilots and the development of PZT-piezoelectric-crystals.

The Institute of armament technology (IAT) is a seat of higher learning and centre of excellence for defence personnel and officers from the DRDO, ordinance factory directorates and public sector undertakings in their specific field of interest.

The IAT at present conducts a number of short-term and long duration courses and plans to introduce four courses leading to M.Tech. degree under the following disciplines: Modelling and simulation, Laser and electro-optics, Integrated digital communication system and Radar system.

The IAT dean, Dr Bhagiratha Rao, said that over 8,400 officers had so far received training since 1953. He lamented that the personnel of required standards and calibre were not easily available in the country. For example, the Electronics Fellowship offered 100 seats but only 73 students have been available. Similarly, the gas turbine course can take 14 students but only nine applied.

He proudly stated that since the M.E. (mechanical) course of the IAT was recognised by the University of Poona in 1981, the gold medal each year has been bagged by the institute.

That the development of equipment and men for further advance in the field of technology is underway in such military establishments and the prospects of our armed forces to fare well in the competitive world are really bright, one is convinced after even a brief visit to some of them.

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Crashed Plane Belonged to 'Supersecret' Intelligence Unit

46001360 Calcutta *THE TELEGRAPH in English*
10 Mar 88 p 1

[Article by S. Srinivasan: "Intelligence Plane Crashed in Orissa"]

[Text] New Delhi, March 9—The An-12 transport plane which crashed in Cuttack yesterday killing 14 persons belonged to the super secret intelligence outfit, the Aviation Research Centre (ARC) and not the IAF as reported earlier.

The principal task of the ARC is intelligence gathering and reconnaissance operations.

The ARC falls under the direct jurisdiction of the Cabinet secretariat. It has an elaborate network and maintains its own aircraft. The Air Force, however, lends its personnel to the ARC on deputation. The three wing commanders and technicians, who formed the nine-member crew of the plane, were on deputation to the ARC from the Air Force.

The three wing commanders were Avatar Singh, N. Rangachari and U.M. Manohar. The aircraft which was heading towards New Delhi had taken off from the Charbata Aviation Research Centre when engine Number 3 caught fire. The pilot immediately reported the

matter to ground control and turned back to land when the engine fell off and the aircraft went crashing down killing at least five civilians.

The Russian-made AN-12, which has been serving the Air Force for over 25 years, is a trusted transport aircraft with a good flying record.

The ARC recently acquired two Boeing 707 aircraft from Air-India for unspecified purposes. These aircraft were phased out by Air-India. Last year, the ARC acquired US-made "Gulfstream" aircraft which has a military version. The aircraft is also used as corporate transport.

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Military Experts Recommend Stand on Siachen
46001363 Calcutta THE STATESMAN in English
14 Mar 88 p 1

[Text] New Delhi, March 13—Any deviation by India from the "watershed" principle in the strategic Siachen glacier areas would have a major implication for the settlement of the Sino-Indian border, according to military experts, reports UNI.

These experts point out that despite the military pressure being exerted by Pakistan, India should continue its strict adherence to the watershed principle for a resolution of the Siachen issue, as India's position had been premised on this principle during the eight rounds of official-level talks with China.

China has been careful in making no moves explicitly in relation to the conflict of Saltoro range in the Siachen region.

"But no doubt China's overall support for Pakistan implicitly hopes to achieve change in the establishment of the principle at best and its questioning at the very least—both to India's disadvantage," military experts say.

'Prompt Response'

According to Lt-Gen Mathew Thomas, editor of the INDIAN DEFENCE REVIEW, serious thought is required on a future defensible line of control, which would safeguard India's strategic interests at lesser costs, while working towards a mutually acceptable line of control.

Air Commodore Jasjit Singh, director of the Indian Institute of Defence Studies and Analysis, says that even small-scale intrusions by Pakistan require adequate and prompt Indian military response. The risk of a surprise attack succeeding always exists.

In such an eventuality, the Pakistani leadership would undoubtedly derive significant psychological and propaganda advantage. At the same time, India would be forced to launch counter-attacks to dislodge the encroachment, he said.

'Buffer Against Attack'

Explaining why the Siachen glacier area is strategically important for India, the military experts say the 4,000-plus sq-km area of the glacier system is a buffer for defending Ladakh from Pakistan and China.

A hostile presence on the glacier system can threaten the lines of communication connecting the forward Indian position in Daulat Beg Oldi, short of the Karakoram Pass, and provide a route of ingress via the Nubra valley to threaten Leh.

Absurd Analysis

The view that India can use the Siachen area to launch an attack on the Karakoram highway is an absurd analysis, seeing that the Kunjerab Pass is some 180 km away across terrain that contains some of the highest peaks in the world, including K-2.

Leh, the capital of Ladakh, on the other hand, is only 85 km from the snout of the glacier.

Experts point out that it is important that India continues to show the dividing line (line of control) along the highest crests of the Saltoro range, the line that India is roughly holding at present.

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CPI-M Leader Opposes Alliance of Opposition Parties

46001365 Calcutta THE TELEGRAPH in English
14 Mar 88 p 6

[Article by E.M.S. Namboodiripad, general secretary of the CPI(M): "Does Mr Limaye Advise the Left To Befriend the BJP?"]

[Text] I am grateful to Madhu Limaye for his warning against our party's "sectarian policy." He is sure that the recent Tripura election is "only a foretaste of what is to come." He proceeds: "In the West Bengal Assembly elections of 1972, Jyoti Basu was forced to abandon the contest in the forenoon." (THE TELEGRAPH, March 2, 1988)

What prompted him to give us this warning is our clear position that we are not prepared to fall in line with him and his friends who are trying to "resurrect" the grand alliance of 1970-71 and the Janata of 1977. His party and ours are obviously on two different wave-lengths on the assessment of the two experiments both of which ended in a fiasco.

The "grand alliance," let us recall, was a combination of several non-Congress parties which have nothing to do with the ideology and politics of the Left movement of which Limaye's Socialist Party and my Communist Party were active partners. Can he explain why it failed as it did? Why was Indira Gandhi able to cut the grand alliance to such small proportions as could never have been imagined by its leaders? Again, why did the Janata, after securing an impressive electoral victory and forming its government fall before half its normal five-year tenure in office had expired? Why, finally, did the Janata Party break up into bits and pieces, so that nobody can today hope to repeat the experiment which failed in 1979?

Limaye seems to think that the trick will work today also, provided the CPI(M) ceases to adopt the "sectarian" attitude which according to him it does. We of the CPI(M) and other Left parties beg to disagree; on the other hand, I would like to be excused if I advise Limaye to turn the torch of criticism inward and examine what his party, the Socialist Party, did as part of India's Left movement, and compare it with what we communists did.

Let me begin with the Quit India struggle of the 1940s when we were supposed to have adopted a "sectarian" attitude to the Congress. His party, the then Congress Socialist Party, "abandoned all traces of sectarianism," in fact became the lynch-pin of the Quit India movement. Basing themselves on the role they played in this period—as opposed to which was the communist "betrayal of the Quit India revolution"—the Socialist Party (which had cut its Congress tail after 1947) staked a claim to become the main Opposition party and form state governments at least in a few states in the first general elections of 1952. Its expectation was that the Communist Party would be completely rejected by the people.

The actual result, however, proved to be the biggest shock of its life for the Socialist Party. On the other hand, the Communist Party became the biggest group in Parliament and in four state legislatures—in two of which it was the major partner of an alliance which was on the point of forming alternate governments. Was that not the beginning of the break-up of the Socialist Party? Is it not necessary for Limaye, as a serious political leader, to examine why this happened?

I do not want to go into too many details of what happened to his party and my party since the early 1950s when the political and organisational crisis of the Socialist Party began. Nor do I claim that my party has never committed sectarian mistakes. May I, however, add that sectarianism is not the only mistakes which we communists and socialist like Limaye are likely to commit.

We Marxist-Leninists have been taught by our teachers—Marx, Engels and Lenin—that we are likely to commit either sectarian or opportunist mistakes unless

we are ever-vigilant, make self-critical reviews when either one or the other (or both) of these mistakes are committed, making necessary corrections. It is my humble claim that it is because of our continuing vigilance, waging struggles against both deviations as Marxist-Leninist are obliged to wage, that the communist movement—the CPI(M) in particular—has acquired the position to which it has risen.

Let me share with Limaye my conviction that sectarianism as well as tailism can be effectively fought only if the revolutionary party of the working class takes a completely independent stand, adopts a principled position of struggle against the leadership of all bourgeois parties even while forging relations of a united front with the active cadres and followers of all bourgeois parties. This means, in the India of the latter half of the 1980s, that our effort should be to build the unity of all the Left, "left of centre" and secular forces to defeat the Congress and isolate the Right, reactionary and caste-communal forces. It was the failure to realise this that landed the grand alliance in the early 1970s in disaster. It was the failure of the leaders of that attempt (including Limaye's Socialist Party) to learn the lesson of the fiasco of the grand alliance that led to the fall of the Janata government and the disintegration of the Janata Party.

Let me remind him, at the same time, that, while the grand alliance miserably failed in the country as a whole, the CPI(M) and its Left alliance gained a fairly creditable position in those states where they are strong. Today, too, the Left with its programme of joint action with all the secular and "left of centre" political forces gives more promise to provide an alternative to the Congress.

Let me put a straight question to Limaye: does he think it advisable for us of the Left and our friends of the "left of centre" and secular parties to create the impression that we are trying to provide such a non-Congress government at the Centre as will have the BJP as an active participant? How will such an impression react on the minorities—the Muslims, the Sikhs, and the Christians? Would it be good even on that big majority of the Hindu community who are under caste oppression which will be strengthened if the Hindu Rashtra ideology of the BJP is accommodated in the non-Congress politics of which Limaye is so fond?

I had thought that Limaye was conscious of all these complexities of Indian politics when he raised the banner of revolt in the Janata Party on the question of dual membership, demanding that the Janata members should dissociate themselves from the RSS. It was on that question that the Janata broke. The former Jana Sangh members regrouped themselves as the present BJP. Limaye should either admit that he was wrong in raising that issue and breaking the Janata Party on that account, or give up his insistence that we of the Left should fall in line with him in taking the BJP as an ally.

A final question: if he is so insistent on having the BJP as an ally, can he honestly take a different attitude towards the Muslim League, its Christian, Sikh and other variants? Will he not have to accommodate them all if they are prepared to join him in the work of toppling the Rajiv Gandhi government? Or, has he a partiality for the communalism of the majority, sharing its implacable hostility to minorities?

We of the CPI(M) and other 'left parties are clear in our minds that the united front that we are trying to forge will not be a resurrection of the old Janata. History has moved from 1977 to 1988. The unity of the Opposition for which we are working today will be based on a political programme which is secular and radical democratic. The basis for such a programme has been laid in such consensus documents of the Left and secular Opposition parties as the programme outlined by the sponsors of the Bharat Bandh slated for Tuesday. Apart from raising certain radical democratic demands of the working people, that programme calls for a struggle against the divisive forces and for national unity. The type of unity advocated by Limaye is a negation of that programme to which almost all the secular Opposition parties in the country are committed.

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'Severe Water Crisis' Reported in 15 States
46001366 New Delhi PATRIOT in English
14 Mar 88 p 5

[Text] Ground water levels are rapidly declining in the country, resulting in a severe water crisis in about 54,310 villages spread over 15 states.

The ground water crisis has led to lowering of water tables and drying up of wells in many States, including Uttar Pradesh, Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Tamilnadu and Andhra Pradesh, a PTI survey has found.

[A total of] 15,000 villages in Madhya Pradesh are facing a severe water crisis, followed by Karnataka (8,000), Rajasthan (6,570) and Tamilnadu (6,554), the survey has found.

The steep fall in water levels has been attributed to two major factors—poor recharge of ground water reservoirs due to failure of monsoon, and increased withdrawal of the water for irrigation and drinking purposes.

Permanent recession of ground water levels has been observed in Karnataka in Devanhally and Hoskote taluks of Bangalore district, Gouribidanur and Mulbagal taluks of Kolar district, and Malakalmuru taluk of Chitradurga district.

An analysis of water levels in these areas over a period of 10 years has indicated a recession of three to five metres well have dried up in most of the areas.

Recurring failure of the monsoon has led to a significant fall in the water table in Tamilnadu, the decline ranging on an average between two and five metres. Most of the 20 districts in the State have had below normal rainfall in the last few years.

In Coimbatore district, the water table has gone down to 25 metres in some pockets, while it was only 10 metres below the surface 10 years ago.

Severe depletion of water has been recorded in eight districts of Andhra Pradesh—Mahboobnagar, Nalgonda, Chittoor, Anantpur, Cuddapah, Kurndol, Prakasam and Rangareddy. In many of the places, the water table has receded below six metres below ground level.

Recurring drought has led to a decrease in the water levels in many parts of Maharashtra, particularly in the Alluvial areas. At present, the ground water levels are six to eight metres below ground level, compared to four to five metres ten years ago.

The water table has gone down considerably in the Saurashtra-Kutch region of Gujarat during the past five years. While water was available at depths of seven to nine metres in wells in 1973-74, it is now available at depths of 24 to 30 metres.

Failure of monsoon and winter rains has adversely affected the water tables in Punjab, Haryana and the Union Territory of Chandigarh also, the decline ranging from 0.5 to 8.61 metres.

The affects are more severe in southwestern districts of Haryana, especially Mahenuragarh, Gurgaon and Bhiwani, besides Ambala in the North.

The sprawling Sukhna lake in Chandigarh has shrunk to one-third of its area, and is heavily silted because of failure of rains in the catchment area, the survey has found.

A fall in the water table has also been observed in Hooghly and Burdwan districts in West Bengal, Nalgarh and Paonta valleys in Himachal Pradesh, Trichur, Ernakulam and Wynad in Kerala, and Goa and its surrounding areas in the Western Ghats.

/06662

Paper Reports on Developments in RSS

General Secretary's Briefing
46001367 Bombay THE TIMES OF INDIA in English
14 Mar 88 p 3

[Text] Nagpur, March 13—Nearly five months after the RSS chief, Mr Balasaheb Deoras, made his controversial statement that there was "no alternative to the Congress", the RSS joint general secretary, Mr Rajendra Singh, admitted that the "entire controversy was possible avoidable."

Briefing newsmen on the second day of the meeting of the Akhil Bharatiya Pratinidhi Sabha, Mr Singh said that the October speech was the occasion mainly for explaining the entire national scene to the swayamsevak and the chief could have used "some different words."

The RSS joint general secretary however, maintained that the controversy started as the entire speech had not been read. "There is otherwise no question of the RSS supporting the Congress," he said.

Replying to a question about the attitude of the RSS towards the opposition parties, Mr Singh said, "one thing is certain, that communists stand isolated."

Mr Singh said that the RSS is wary of the communists from the day they switched sides during the recent presidential elections.

The RSS joint general secretary said that there was no great danger to national unity and integrity even if communists come to power in a state or two. However, their sharing the power at the Centre is dangerous for the nation.

Mr Singh further said that though the RSS stood aloof from politics it did express its concerns on political issues that affect the unity and integrity of the nation. "We are not bothered about the alliances, or the electoral policies, but are certainly concerned about Punjab and Gorkhaland," he said.

Elaborating the resolutions passed at the Pratinidhi Sabha meeting during the day, Mr Singh said that from Vijayadashami this year to April 7, 1989, the RSs will be celebrating the birth centenary of its founder, Dr K.B. Hedgewar. "We had already talked to the then Union minister of communications, Mr Arjun Singh about the issue of a special postage stamp. Now that Mr Vasant Sathe holds the communications portfolio, there should be no problem," he said.

Mr Singh said that the celebrations would begin with a grand programme at New Delhi and would end at Nagpur. "In this period, RSs volunteers would visit over 100,000 villages and start constructive programmes, for which we hope to collect more than a crore of rupees," he added.

Regarding the "reign of terror" that has been let loose on the RSS workers by the CPM cadres in Kerala after their return to power in March 1987, he said, "despite their pro-Hindu platitudes during the election campaign, they have not slackened their anti-Hindu activities. Three temples were destroyed in broad daylight in south Kerala, near Pandalam," he said.

Mr Singh said that the solution to the violent incidents in Kerala lay in the government taking a series of steps.

"Firstly, the chief minister should give up the home portfolio or share it with some junior partner of the coalition. Hence the CPM cadres would not be assured of automatic protection," he said. They should also stop interfering in the police functioning, he said.

He said that the Kerala government should give up the control of the temple committees. "When it does not control the Wakf boards or the churches, there is no justification in controlling the temple committees, more so when the communists claim to be atheists," he said.

'Disenchanted' With BJP

46001367 Bombay THE TIMES OF INDIA in English
17 Mar 88 p 6

[Article by Anil Sharma]

[Text] Nagpur, March 16—There is an increasing realisation in the Rashtriya Swayamsevak Sangh that the Bharatiya Janata Party (BJP) does not serve its objective of furthering the Hindu interest.

The RSS leaders are not given to speaking in equivocal terms. Their statements lend themselves to several interpretations. The recent remark of the RSS Sarsangchalak, Dr Balasaheb Deoras, that the "Congress culture" was spreading to other cadre-based political parties, which observers felt was an indictment of the BJP.

Mr Deoras's observations at the concluding session of the Akhil Bharatiya Pratinidhi Sabha are usually not disclosed to the press. This time, however, the secretary-general, Prof H.V. Sheshadri, made a special mention of these remarks while briefing newsmen.

"When people come to us and tell us about these things, we feel sorry," he said when asked whether the RSS leadership had received any specific complaints about the BJP functionaries.

Insiders in the RSS camp point out that this disenchantment is much deeper and stems from the bitter realisation that the BJP has practically failed to deliver the goods as compared to other front organisations of the RSS like the Vishwa Hindu Parishad. "The other frontal organisations have not only gathered strength on their own, but also contributed to the growth of the RSS, whereas the BJP is a sort of drag on the RSS itself," remarked one observer.

Organisations like the Vishwa Hindu Parishad have been able to attract much wider support from the people and have contributed much more towards the attainment of the "Hindu awareness."

The BJP has not been able to play its role in the consolidation of political forces in a manner that suits the RSS objectives.

The constant attacks on the communists are part of the "isolation drive" by the RSs aimed at ensuring that the leftists do not become partners in any power-sharing arrangement at the Centre.

In another sense, the process that was first discussed at the October conclave soon after the controversial statement from Mr Deoras that there was "no alternative to the Congress" is expected to continue.

The BJP men were subjected to the thorough grilling at that time and were foxed by some of the questions put to them by the RSs leadership. One of these being—how many Lok Sabha seats can you contest, leave alone win, if the elections are held?

The RSS strategists want to play a major role in political developments. But after their experiences in 1967 and 1977, they were playing it on their terms and would not like to play second fiddle to anyone, leave alone someone who has been dismissed from the Congress. The argument runs like—if a Congressman is to be supported, then why support someone who has been thrown out?

For the record, most RSS leaders deny any sort of estrangement between the BJP and the RSS and claim that the RSS swayamsewaks are free to join any party. But the fact remains that the swayamsewaks follow the diktats from the headquarters.

In the birth centenary year of its founder, the RSS leadership would naturally want to ensure that things go on the right track. But given the present situation, it appears that it will have to do some tough bargaining before it can play the "Hindu card" to its advantage.

/06662

Editorial Urges Improvement in Indo-Israeli Relations

46001371 Bombay *THE TIMES OF INDIA* in English
21 Mar 88 p 8

[Text] India and Israel have not been on speaking terms for close to forty years. The policy has fetched some significant dividends for this country. It has served to blunt, though by no means decisively, Pakistani propaganda in the Arab world on the twin issues of Kashmir and the fate of Indian Muslims. It has widened, even if slightly, India's margin of manoeuvre in the non-aligned movement and at international forums. It has provided India major avenues to promote its economic and trade interests, particularly in the Gulf. Not the least, the unequivocal support for the Arab case in the West Asia conflict has gone down well with Arab public opinion which, in turn, has offered some psychological comfort to Indian Muslims. Thus, Arab opinion would appreciate New Delhi's sharp condemnation of the wave of repression recently unleashed by Israeli forces in the occupied territories. Under these circumstances, is there room to argue that India can initiate some contacts with

Israel without abandoning its known positions on the Arab-Israeli conflict and without overly damaging its interests in West Asia. The question suggests itself in the light of the "surprise" expressed by Arab ambassadors in New Delhi at India's reported decision to take part in a Tennis tournament in Tel Aviv. In their eyes, any such decision would be inconsistent with this country's "traditional stance" on the Palestine problem. Inconsistent? Doubtless. But must it be misconstrued?

The fact of the matter is that Indo-Arab ties are conditioned by factors that are no longer valid. Pan-Arab nationalism, which was never too strong after Nasser's death, has declined so sharply that it is simply not possible to deal with the Arab world as an entity, even in theory. The revolution in Iran and the subsequent Iran-Iraq armed conflict have, if anything, exacerbated Shia-Sunni and Iranian-Arab tensions. Moreover, several non-aligned countries, as well as certain socialist countries, have established, or are in the process of normalising, their diplomatic relations with Israel. This has doubtless irked "radical" Arab regimes. But they have not made much of a to-do about it. And how could they, when several Arab leaders themselves have sought to build bridges with the Israelis? President Mubarak of Egypt, who like his predecessor was ostracised for dealing with the Jewish state, has been welcomed back into the Arab fold. King Hussein, of Jordan and King Hassan II of Morocco, have held parleys with representatives of moderate Israeli opinion, without much erosion of their political clout. Even the PLO has not hesitated to engage in a dialogue with Israeli left-wingers and peace activists. Given these developments, India's ties with the Arabs are unlikely to be seriously eroded, should this country end its policy of unrelieved hostility towards Israel. On the other hand, a thaw in Indo-Israeli relations is almost certain to have a salutary effect on Indo-U.S. ties and it could in the long run, also give India greater flexibility in dealing with developments arising out of the current search for a negotiated settlement of the crisis in Afghanistan. India should, therefore, agree to play the Tennis match against Israel in Tel Aviv. And it should seek other points of contact with the Jewish state, even as it spares no efforts to reiterate India's traditional policies as regards the Palestinians.

/06662

PAKISTAN

Health Policy Termed 'Irresponsible'

46000118a Karachi *DAWN* in English 8 Mar 88 p 7

[Article by Mushtaq Ahmad]

[Text] The hospital boom in Pakistan is not a precursor of a national health policy just as the mushroom growth of schools is not a projection of a comprehensive educational policy. Both have an innate commercial motivation, and are a manifestation of the law of supply and demand. Whatever be its utility in the development

sector, its operation in the social sector is highly detrimental to the interest of the community. The capacity to pay being its basic assumption, in its absence the denial of service is a necessary concomitant.

A policy of laissez faire to which we have a persistent tendency to revert after brief interludes of half-hearted experiments in State intervention, has inevitably deprived large segments of our population of their fundamental right to live a wholesome and healthy life. That this fundamental right cannot be exercised within the framework of the market economy was recognized by the West long ago, where the concept had its origin.

So enormous is the health problem in Pakistan that it is impossible to conceive of its solution except through State intervention. It is not even a debatable issue whether it should be solved by private or public enterprise, or philanthropic effort. A patient without resources cannot pay the high cost of medicines, the exorbitant fee of a doctor, or expensive charges of hospitalization. A society that denies him access to the conditions of survival, has no claim to call itself civilized.

Are the medical plazas that are rapidly rising in our midst intended to create those conditions, is a question to which their own proprietors will give a conditional answer. The very nomenclature which, in Spanish means a market place, is suggestive of their commercial character. A cluster of privately owned hospitals, or an army of self employed doctors, can offer their highly specialized services only to a small class that can foot their inflated bills. For the large masses they are out of bounds. Although theirs is a dire need, on an empty pocket their demand is ineffective.

Public Hospital

The public hospital is the first and the last resort of the public their number and capacity is, however, so severely limited that public health which is already exposed to environmental hazards and nutritional deficiency, is further endangered by the gross insufficiency of curative facilities. How gross is the insufficiency is obvious from the number of hospitals in the public sector and their bed capacity, availability of medicines and strength of the medical and para-medical staff. Averages are a deceptive criterion of availability like the per capita income which is a misleading yardstick of income distribution. Not all the 650 hospitals and 5,500 beds are a public sector property within reach of the people regardless of the income brackets to which they belong. Nearly 200 of them are proprietorial enterprises which operate on a profit basis.

What is surprising is that private profit is the driving force behind the expansion that is taking place, and still more surprising is the blessing of the official patronage it enjoys in the facile belief that private sector activity reduces the burden of public responsibilities. For the

functionaries of the Health Department to declare that no more public hospitals would be established in the urban areas, is to confess their ignorance of the realities of urban life, where the dwellers of Katchi Abadis and slums do not have a modicum of health services like the inhabitants of the rural hinterland, who are literally starved of them.

It is not the function of the Ministry of Health to give a certificate of pride of performance to the pioneers of hospital industry in the private sector, but to earn for itself a testimonial from the public for pioneering the establishment of public hospitals under its own auspices. It is a responsibility it has not adequately discharged, looking at its continuing reliance on gestures of philanthropy and frantic appeals for its sympathetic response which, in our context are rarely without a quid pro quo.

In the field of health we cannot rely on the traditional concept of self-sufficiency and hope to save ourselves from diseases that may assume epidemic proportions.

Real Test

The real test is the satisfaction of the need and not the situation of demand. An expenditure of Rs 2000 million out of the Federal and provincial budgets, desperately falls short of the actual need. The per capita figure works out to less than Rs 20 per month. Were this amount paid as a monthly insurance premium on a health insurance policy for more than 90 per cent of the population, either the insurance companies would go bankrupt or the denationalized hospitals would have to close down. Comparisons with America are generally inapt but sometimes unavoidable. There the population has a very high standard of living an incomparably higher standard of physical fitness and the disease hazards not as great, and yet a premium of \$100 equivalent to Rs 1800, is usual. This is an amount apart from and in addition to State investment in public health. We, on the other hand, have no health insurance scheme or have ever thought of having one. The per capita income will have to be doubled or trebled for its adoption, which is beyond the realm of possibility in the foreseeable future.

Primary health care and essential health services must therefore remain a prime responsibility of the State. While every new government has promised the nation a new health policy, no adequate policy has yet been formulated by any of them, to give the requisite relief to the sick and the suffering. That the progress of health services has not caught up with the incidence of disease, is borne out by the overcrowding and congestion in the public hospitals for every conceivable ailment to which human body can fall a prey, and for whose treatment and cure modern medical science has devised and discovered drugs and fashioned aid and equipment to diagnose it. The charges for their use claimed by qualified doctors or unqualified proprietors are far in excess of the legitimate return on investment in their procurement. In some of the public hospitals like the Cardiovascular Institute and

others of its kind in the country they are efficiently utilized and available to every patient without discrimination. But in several other hospitals, costly equipment such as scanners are lying idle for want of proper maintenance and repairs.

Specialized hospitals apart, in the general hospitals which have specialized wards and wings, there is an unimaginable rush of patients with which the staff is unable to cope and where the scarcity of beds results in refusal to admit deserving patients. Accommodation is not the only problem, the hospitals themselves are in bad shape, ill-equipped, understaffed, inefficient and unsympathetic.

The first imperative of a viable health policy is a rapid expansion in the number of hospitals and the next is the streamlining of their administration, to neither of which the Ministry has paid serious attention. Only a powerful man in its charge can pressurize the government to release adequate funds out of its own resources and the resources of financial institutions for building up a network of hospitals throughout the country.

It is a shocking state of affairs that in a country where health and education are the crying needs of the population, fabulous loans are advanced for ice cream plants in the name of food processing, which is an item of luxury for the rich and not a necessity of the poor. The diversion of funds from counterproductive activity into productive channels calls for an immediate and drastic reordering of our priorities. Our nationalized commercial banks have written off loans amounting to hundreds of crores from which the affluent class of borrowers has benefited unafraid of losing its affluence. By their investment in hospitals, a national loss would have been converted into a national gain.

Ministers running after portfolios follow the line of least resistance and let their subordinates pursue a line of masterly inaction. A deterioration in the quality of service was a natural consequence of the lack of dedication in the bureaucratic set-up, which has treated a vital social sector department with its proverbial red-tapism and even negligence.

Cost of Drugs

The rising cost of medicines which has had a damaging effect on public health. Spurious, substandard and banned drugs are freely sold in the market and some of the foreign companies prohibited from manufacturing drugs declared harmful to public health in their own countries, have found in the Third World a flourishing market for their sale.

The generic scheme of the Bhutto regime had failed because of the inefficiency and corruption in the department from the highest level of administration to the lowest rung of the ladder. The prices of medicines in

Pakistan are twice as high as in the neighbouring country, and our expenditure for a population one-seventh of its size, is more or less as high. How can we explain this anomaly except in terms of administrative laxity and the latitude given to the manufacturing companies, to fix prices in their own discretion. The impact of this manipulation is worse than a rise in indirect taxes. The major if not entire part of the receipts from the latter go into the State exchequer, while the former inflate the profits of the firms. A comprehensive health policy must, therefore, embrace all aspects of public health from regulation of doctors' fees to control of drug prices.

07310

Relations With India Said To Reach New Low
46000118b Karachi DAWN in English 7 Mar 88 p 7

[Article by A. M. Sadullah]

[Text] Indo-Pakistan relations have seldom been so low as at present. It seems to have reached its nadir. And yet when we sit down to brass-tacks and try to find our reasons for an objective analysis of this tricky conundrum we fail to find any solid reason beyond mutual distrust, hatred and the old animosity which have corroded good relations between the two neighbours.

A study of Indo-Pakistan relations is never complete without reference to the Congress-League relations which contaminated communal relations between the two major communities in undivided India. Why is it that the hatred and animosity of the Congress towards the Muslim League greatly surpassed its hatred towards even the British whose "highhanded and cruel" behaviour in the suppression of the Congress had aroused the ire of each Hindu and Congress worker towards the British?

It is said that when Pundit Nehru visited London soon after independence and called on Churchill, the latter was deeply moved by the absence of any rancour and even the show of magnanimity on the part of Nehru. And yet Jinnah and Pakistan continued to be anathema to him. The reason to forgive a diehard British imperialist who had maintained a studied stance of insolence towards Pakistan and its founder was simple, as analyzed by Hodson in his book, *The Great Divide*. "He (Nehru) could forgive Churchill and the British for having harassed and imprisoned him; Jinnah and the Muslim leaders for having robbed the Congress of a united free India, he could not.... Bitterness, suspicion and unreadiness to let bygones be bygones and be friends infected politicians on both sides. In some Indians hostility to Pakistan was an obsession."

One hopes that those Indians who have no personal recollections of those unhappy, even cruel, days leading up to, and soon after, partition of the sub-continent should be free of such rancour and obsession. These young, seemingly unprejudiced, Indians should also, one

hopes, be free from any personal feeling of deprivation of "having been robbed of a united free India". Mr Rajiv Gandhi belongs to this youthful group of broadminded Indians whose advent to power on the tragic death of his mother led many to believe that, perhaps, now a fresh edifying chapter in Indo-Pakistan relations of good neighbourliness of live and let live will be ushered in under his guidance.

Unfortunately, hopes of all such admirers of Mr Gandhi have been belied. Not his tenure as Prime Minister of India, has marked a progressive deterioration in Indo-Pakistan relations so much so that it had never before reached such a low level as at present.

Mr Gandhi as Prime Minister has, of course, had to face a lot of domestic problems, headed by insurrection by the Sikhs in the Punjab (I), progressive loss of popularity of his party in different states, decline in his own prestige and popularity and has also been charged with nepotism and for conniving at corruption indulged in by his close associates. Instead of trying to address himself to the task of bravely facing his domestic worries, he accused Pakistan of providing aid and assistance to the Sikhs and heaped all sorts of vague allegations on Pakistan for trying to destabilize India.

About a year ago, under his stewardship India and Pakistan almost plunged into, what most people thought would have been, a senseless and purposeless war. Pakistan's efforts to harness nuclear energy for peaceful purpose is a source of continuing irritation to Mr Gandhi. He never tries of charging Pakistan with making nuclear weapons, including bombs.

What has worried India's neighbouring States, especially Pakistan, most is that in recent years India has embarked on a policy of arming itself at a colossal pace. In the 1980-86 period India's purchase of arms from the West European countries alone totalled over Rs 18,000 crores. Purchase of almost half this amount was made in a bare two-year period of 1984-86, practically all of it during Mr Gandhi's premiership. An idea of how deeply India's purchase of foreign arms has gone up can be gauged from the fact that the number of agents of arms companies in India has gone up from 46, in 1980, to over 500, in 1986.

Arms Supply

During this period India also received vast quantity of sophisticated arms from the Soviet Union at highly concessional rates and, what is even more important to India, that payment for the Soviet arms is spread over a period of 10-15 years which is to be made in rupees. It is estimated that India has received about \$20 billion worth of armaments from the Soviet Union during approximately a 9-year period, 1977-86. And what is of special significance is that the value of this merchandise in the open market will be, perhaps, double of what India would pay.

In addition to the massive arms purchase by India, (which continues with time at an increased rate) her own indigenous arms industry continues to expand. There are at least 30 ordnance factories and 40 high grade research and development laboratories for military needs. In fact, of the 22 countries in the world with research and development capability, India is one. India's defence budget is continuously on the rise. Rs 12,512 crores, budgeted for defence in 1987-88, was 40 per cent more than the amount for the previous year. And recently an ominous news item from India says that henceforth the defence budget will remain secret.

The Indian Air Force has also been modernized and expanded. Currently the I.A. 7 consists of over 700 combat aircraft, 200 transport aircraft and about 350 helicopters, besides 30 surface-to-air missile squadrons. The total man force is about 100,000. The total of 46 fixed winged squadrons integrated with the air defence squadrons are equipped with the Soviet Union SAM-2/3/4/6 and 8 mobile missile batteries. The Air Defence Ground Environment System has now been commissioned and has been linked to both the interceptor force and the SAM Units.

The process of modernizing and expansion of the Indian Navy is going apace. Consuming 13 per cent of the military budget its present strength of 23 frigates, 3 destroyers, 8 attack submarines, 2 aircraft carriers and about 100 small vessels will be greatly augmented over the next few years by a colossal ship building programme. With the acquisition of a Soviet-made nuclear powered submarine, the hope, expressed in many quarters, that South Asia will remain free of nuclear weapons is gone. It is reported that India plans to acquire three more such nuclear-powered Victor III. Class submarines.

The eventual aim is to acquire complete mastery of the Indian Ocean to make the rumblings of a new expanded navy even felt in the Gulf area. India has made no secret of her feelings of frustration and unhappiness at the presence of about 100 ships belonging to "extra-regional" powers in the Indian Ocean which she hopes to be able to be in a position to prevent in future.

And, to crown it all, Indian leaders have the effrontery to say that India's massive acquisition of arms and arms building is to counter the supposed threat posed by an "increasingly armed Pakistan." As regards the so-called and much trumpeted charge of nuclear threat from Pakistan, Pakistan has repeatedly affirmed that its nuclear programme is geared to meet the needs of peace-time requirements. As a proof of its bonafide, Pakistan has, on numerous occasions, offered to sign with India the nuclear non-proliferation treaty but each time India has spurned the suggestion.

Imagine a country with 3 ordnance factories and a defence expenditure of about Rs 2,275 crores in 1985-86 (which, in terms of Indian currency, is less than Rs 3,000 crores) posing a threat to a country 4/5 times as strong as

herself in terms of fighting power and many times more in terms of fighting (including economic) potential which is so vital in a modern war.

The truth of the matter is that Pakistan's posture vis-a-vis India is purely defensive. And India knows it. Possessing vast territory with a huge population and high economic potential, India is not content to remain the fourth largest military power in the world. The smaller powers in South Asia particularly Pakistan, as every reason to suffer from a sense of insecurity owing to the huge and continuing increase in India's fighting power. And when this is pitted against the hard facts of four decades of mutual distrust, recrimination, acrimony and also three full-scale wars fought between these two neighbours, Pakistan's fear would appear to have ample justification.

That India's heavy militarization is not for acquisition of other's territory is, of course, accepted, but if the type of greatness for which New Delhi is after is to make its will felt and prevail over its neighbours, no power will ever accent such a concept of Indian hegemony. Pakistan seems determined to deny India its cherished desire to accept India's dominant role of a regional superpower. And this infuriates India. The danger is that in its rage some hawkish elements in India might, on some pretext, force India to an armed intervention.

The other option with India is that of co-existence with Pakistan but this is more possible with two equally strong powers when one is vying for supremacy over the other. Such a policy would involve a certain degree of self-sacrifice, on the part of India, of foregoing the fulfillment of its cherished desire in its totality.

07310

Commentary Examines Potential for Democracy
46000118c Karachi DAWN (Supplement) in English
23 Mar 88 pp III-IV

[Article by I. A. Rehman]

[Text] Now in its forty-first year as an independent State, Pakistan is still in search of a stable, democratic polity, and no two words have been subjected to such widely divergent, and sometimes conflicting, interpretations as 'stability' and 'democracy'. In the course of this search quite a few versions of democracy have been tried and eventually dismissed as being unsatisfactory. A stage has now been reached when one has to seriously examine the question whether Pakistan has the capability, or even the potential to overcome the obstacles visible on the path leading to its chosen ideal.

The State model adopted by Pakistan's Founding Fathers, as evident from the Lahore Resolution of 1940, the Legislators' Resolution of 1946, the Indian Independence Act, and the Pakistan Provisional Constitution Order, corresponded to the concept of liberal democracy

as evolved in the West, specially the parliamentary system practiced in Britain. The idealist definition of this model envisages a system of government in which sovereignty is exercised by the entire people through representatives elected on the broadest possible franchise, who can be replaced at the expiry of fixed terms, or earlier if found unworthy of public trust.

Checks & Balances

It also stipulates a mechanism of checks and balances to ensure that power is exercised within the limits prescribed in the country's basic law, as adopted with popular consensus and with adequate safeguards for political liberties—the rights to individual and group freedoms. To ensure that the elected representatives are guided by national, as opposed to personal or factional, interest and are subject to collective discipline, the existence of organized political parties is considered essential.

Also held essential is the presence of a large body of conscious citizens who are qualified and willing to discharge their obligations in a democratic set-up, both as electors and as elected representatives. Although democracy means rule by majority, it is necessary to treat the minority with deference. Thus, it is said that democracy requires a legislature responsible to the people, an executive answerable to the legislature, a judiciary independent and strong enough to prevent either the legislature or the executive from transgressing its authority, and an organized public opinion capable of effectively overseeing the government's functioning.

This ideal had nowhere been realized, not even in the Western countries where it took shape. In practice, democracy has meant, at best, the rule of a substantially large middle class which can persuade the upper and lower classes to accept its enunciation of the national goals, and can, while operating the system primarily in its own interest, secure the concurrence of the other classes. The assumption is that as the system develops the middle class will go on expanding and the government will pass into the hands of the majority of the population, if not the whole body.

At the time of the birth Pakistan did not possess the requisites of a workable democracy, leave alone an ideal one. On the positive side, there was only a quasi-democratic State structure inherited from the British and the Founding Fathers commitment to work it, and political parties and public opinion in their early formative phases. The negative side was far weightier: a geography that had no precedent to draw upon, a set of rulers that had little practical experience of running the State model adopted, the existence of external dangers and an inadequate economy, the lack of a large enough body of citizens (the middle class) whose interests could only be served by democracy, and the absence of democratic traditions.

Then, why did the State's founders adopt a democratic State model? How did they reject the colonial rulers' argument, with which a large number of indigenous people privately agreed, that the subcontinent's people, especially in the Muslim majority provinces, were not fit for democratic self-government? The reasons for their choice are easy to appreciate. First, the limited self-rule measures introduced in the subcontinent by the British logically led to the model of a liberal democratic State. That was the system the leaders of the freedom movement were familiar with, indeed the only option available to them once they had rejected the other contemporary systems they had heard of, fascism at one end of the scale and socialist democracy at the other end.

Second, Pakistan came into being at the time of universalization of democratic political thought, the time of a great leap forward. Previously democratic governance was considered a privilege of societies at a certain level of educational, industrial, and cultural development; it was soon to be accepted as the birthright of all peoples, regardless of their low literacy rate, imperfect social organization, and backward economies. The fundamental rights of all peoples in the world were about to be spelt out in terms realizable only in a liberal democratic set-up. It was assumed that democracy was not only the fruit gathered by a people at a certain level of economic, political and social development but also a means to raise a backward people to that level.

Thus, the founders of the state of Pakistan were obliged, firstly, by whatever training in politics they had received and, secondly, by the spirit of the age to commit themselves to a liberal democratic model leading to a welfare State.

Deliberate Shift

There is near unanimity on the point that the commitment to democracy has never been adequately honored in practice. A lot of allowance is generally made in favor of the country's rulers during the first couple of years of independence, in that non-enforcement of democratic practices attributed to the extraordinary problems the State had been born with and not to any lack of sincerity in their part. Even if for the sake of arguments, this view is accepted as correct, from 1949 onwards we notice a clear and deliberate shift away from the democratic ideal of the independence movement. Between 1947 and 1958 all but two formal attributes of a democratic polity had been abandoned. To be considered legitimate the State authority felt obliged to derive its mandate from an elected legislature and the democratic procedure of actions being taken by constitutionally authorized State organs was followed, in letter at least if not always in spirit.

Secondly, in place of a narrow-based franchise, the principle of adult franchise was adopted. All other conventions considered essential to the working of a democratic set-up had been discarded. The principle of sovereign authority vesting in the people was compromised,

dissent was disallowed and opposition parties suppressed, legislative majorities rejected the principle of give and take with the minority, political liberties were curtailed, organs of independent public opinion were gagged, and, above all, the essential obligation to hold regular elections at fixed intervals was repudiated.

In 1958 the State apparatus was captured by a non-political force that claimed to act politically in wider national interest. It began by rejecting the democratic model in whole as well as in detail. A new system was introduced in which sovereignty was exercised by an all-wise and all-powerful ruler who also determined the scale of political liberties that the subject people could be granted. This system did not work for even a few weeks. It was constantly under pressure from democratic forces and ultimately collapsed in 1969, but its author, instead of accepting defeat gracefully, handed over power to another military ruler. The latter defused the crisis by promising to revive a democratic set-up and did hold elections, but eventually he reneged on his word and the larger wing of the country was forced to secede.

Elected People

Then came six years of civilian rule which can only be described as democratic in form but not in essence. It was assumed that the requirements of democracy were fully met if the legislature consisted of elected people. The majority was free to alter the basic law, suppress opposition, and trim political liberties. The experiment ended in another spell of unrepresentative rule, which two years ago made a concession to the democratic urges of the people by introducing a quasi-democratic form of government. Those in authority and a section of the people with them argue that a democratic polity has been established while the opposition and a larger section of the people believe that the democratic ideal is yet to be realized.

It is necessary to point out that the assessment of the country's political journey given in the foregoing paragraphs is accepted by a preponderant majority of the people, including past and present rulers. It is also generally conceded that the democratic system has not taken root in Pakistan. But there is difference of opinion on the reasons for this failure. A common view is that it is not the democratic system that has failed because it was never worked, never given a trial, by the politicians (or rulers of other brands) that came into power. They did not accept the theory that democracy was not an end in itself but a means to consolidate democratic traditions of governance and promote a democratic society.

All governments in Pakistan at best paid lip-service to a democratic facade while in reality they were prepared to deny every democratic norm that posed a threat to their narrow interests. Most of such complaints are correct and they only lead to the conclusion which was known at the very beginning, namely, that in a country where a

democratic super-structure is raised before the emergence of a powerful middle class, the rulers have to bear an extra responsibility for promoting democratic concepts by voluntarily accepting restrictions on the exercise of power. Where such examples are not set by the people in authority the democratic system can easily be subverted.

Essential Question

The second view is that there are a number of problems that make the working of democracy in Pakistan impossible. The foremost difficulty is said to be the lack of national consensus on the nature and direction of polity, as a result of which antagonistic political forces have been operating in different directions and that difficulty necessitates deviations from the democratic principles.

For instance, there is no agreement on the State ideology. Historical record shows that before independence and for 18 months after it the ideal was a non-religious, liberal democratic State in which sovereignty belonged to the people without any reservations. In March 1949, when the Objectives Resolution was adopted, a change was introduced in this ideal. Sovereignty was attributed to God Almighty and was said to have been transferred to the people in trust. Those who made this change in the previously accepted State ideal argued that there was no conflict between the limits to the exercise of sovereign rights by the people as prescribed by God and their earlier commitment to a democratic model. Indeed, it was often claimed that the Western concept of liberal democracy was derived from the Islamic principles of human equality and rule by popular consent and consultation. The State was, therefore, free to create institutions, frame laws and make policies so long as these initiatives did not conflict with any explicit injunctions of Islam.

Much later came the assertion that the Objectives Resolution had given the State a new ideology and as a result Pakistan could not be a liberal democracy of the Western type because it clashed with the Islamic system.

The essential question is not as to which of these views is based on a correct interpretation of Islam or Pakistan ideology, but the fact that society is sharply divided on the issue. Earlier on it was suggested that since theocratization of the State proceeded from an inviolable ideology the matter could not be subjected to the democratic procedure of debate.

However, a significant departure was made in 1984 when a referendum was held in which the people were asked whether they wanted to have an Islamic system in the country. The fundamental conclusion to be drawn from this referendum is that if the enforcement of the Islamic system in the country is subject to popular vote then it is very much within the competence of the electorate to decide what form of government they will have. If the democratic method is adopted it is possible

to resolve differences on this issue but it is equally clear that if this problem is not resolved it will be nearly impossible to raise a democratic system.

Another Issue

The second most intractable issue is said to be the rise of provincial and ethnic antagonisms. Although this problem has a historical background, it is not peculiar to Pakistan; the trend is visible all over the world, specially wherever uneven economic development has resulted in glaring disparities between regions or ethnic groups. However, among the factors that has aggravated the situation in Pakistan the most important ones are non-implementation of constitutional formulas adopted at different times to accommodate regional and ethnic aspirations, and long periods of deviation from democratic working of the federal arrangement.

It should not be difficult to see that a problem which has resulted from lack of democracy can only be solved by reverting to the democratic system. Moreover, it is not necessary that regional or ethnic demands must always undermine national unity or State's stability or even a democratic apparatus. More often than not they seek a broader base for national unity, and it is only their denial for a long period and use of violence to suppress them that they begin to threaten the State structure. In Pakistan, at least, the regional demands have been aimed at widening the democratic base and have saved the country from total authoritarianism.

In almost all the Third World countries efforts to evolve democratic policies have been affected by the global East-West confrontation, sometimes decisively. The developing countries' needs of economic aid and other compulsions to join power blocs seriously distort their priorities and they are often forced to act contrary to national interest. Two things follow. On the one hand such States find it impossible to fulfil their obligations to aid-givers without deviating from democratic practices and, on the other, in a client-State a powerful class arises to defend an undemocratic system of government. Pakistan also has been facing this problem.

However, whatever the failings of the rulers and however serious the objective difficulties in creating a democratic system, the most fundamental question is whether a force, real or potential, exists in Pakistan that could guarantee the creation and survival of a democratic polity. That such a force can only be generated by the people is obvious. Are Pakistani masses capable of throwing up a democratic order?

Most political analysts tend to answer the question in the negative. It is argued that the level of literacy is very low and the people cannot perform their watchdog functions which are essential for a working democracy. To the extent that the people cannot exercise day-to-day control over their rulers and are motivated to intervene only when bigger issues arise this observation is correct.

But it is wrong to believe that a literate society can sustain democracy under any circumstances. In France and Italy, for instance, democracy has not run into difficulties for lack of literacy. And the German society that fell for nazism had a high literacy level. Further, illiteracy does not necessarily mean absence of political awareness. Even an illiterate mass can force its rulers accept its democratic urges, otherwise there would have been no liberation movements in Asia and Africa.

In Pakistan, too, the illiterate masses have sometimes asserted their sovereign rights—in 1969, 1971 and 1977. Yet a set-up in which political changes can be brought about only through mass upheaval presents many dangers.

The normal channel for the people to express their political will is that of elections. Even if one assumes that elections will be held regularly in Pakistan, there are doubts that the masses will be free to choose the right people to represent them. Elections cost a lot of money and the deprived sections cannot afford to join the contest. Then a large mass is amenable to the landlords' influence or clannish pulls. Therefore, elections are unlikely to produce leaders committed to the government of the people and for the people, if not by the

people. Moreover the election process itself as become vulnerable to subversion by the vested interest not only in Pakistan but all over the Third World. nevertheless, the possibility of fair elections leading to progressive democratization of government cannot be discounted, as was evident in the only fair election Pakistan has ever had (1970). But to be effective in shaping the political structure the People need the guidance of political parties and in this field the role of the middle class becomes crucial.

Future Prospect

The people do have the potential to safeguard the democratic model but to realize this potential political organizations have to close the gap between the ambitions of the middle class and the aspirations of the deprived majority. If they fail to do this in future also, as they have failed in the past, the prospect for establishing a liberal democracy in Pakistan will disappear for ever.

Whether the people, through their own exertions, will be able to create any other type of democracy will depend on the time they can have at their disposal.

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